

SMSF Property Fund

ARSN 159 753 474

PART 1 REPLACEMENT PRODUCT DISCLOSURE STATEMENT

Dated 23 July 2018

Issued by Guardian Securities Limited

Responsible Entity
ACN 106 187 731 | AFSL240506



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THIS DOCUMENT IS PART 1 OF A 2 PART REPLACEMENT
PRODUCT DISCLOSURE STATEMENT (RPDS).

PART 1 IS IMPORTANT INFORMATION FOR SUMMARISING
THE BENEFITS, OPTIONS, FEATURES AND RISKS OF THE
PRODUCT.

PART 2 IS THE OFFER FOR A SPECIFIC PRODUCT AND
PROVIDES INFORMATION ABOUT THE RIGHTS AND
OBLIGATIONS ATTACHING AND CORRESPONDING ASSETS.

PARTS 1 & 2 ARE PROVIDED TO YOU AND MUST BE READ BY
YOU TOGETHER AS THEY FORM THE RPDS.

Important Information

This Replacement Product Disclosure Statement (or **RPDS** for short) is dated 23 July 2018 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. This RPDS replaces the original product disclosure statement lodged with ASIC on 11 September 2016 (**Original PDS**).

This is an important document which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this RPDS.

SMSF Property Fund ARSN 159 753 474 (**Fund**) is an Australian managed investment scheme structured as a unit trust and registered under the *Corporations Act 2001 (Cth)*, referred to in this RPDS as 'the Corporations Act'.

This document is a replacement 'product disclosure statement' (**PDS**) for the purposes of Part 7.9 of the Corporations Act and has been issued by Guardian Securities Limited ACN 106 187 731 (**Guardian, we, us and our**) (AFSL 240506).

Purpose of Document

This document is Part 1 of the RPDS for the Fund, and Part 2 with which it is distributed, makes up the entire RPDS for the issue of units in the Fund (**Units**).

Part 1 details the features, benefits, risks and general information about the Fund and Part 2 relates to the offer of a specific Class of Units (used interchangeably with **Sub-Fund**), providing information on the rights and obligations attaching to the Sub-Fund Units, and the corresponding Sub-Fund assets.

Each Part of this RPDS must be read in conjunction with the other Part. Neither Part of the RPDS will be distributed without the other Part.

Responsible Entity and Issuer

Guardian is the issuer of, and solely responsible for, the RPDS. We are licensed by ASIC (AFSL No. 240506) to act as Responsible Entity of the Fund. ASIC take no responsibility for the content of this RPDS.

An electronic version of this RPDS appears at Guardian's website: www.guardiansecurities.com.au. If this RPDS is received electronically, then you should ensure that a complete version of the RPDS, including both this Part 1, Part 2 and a full Application Form, has been received. A hard copy version of the RPDS is available by contacting us.

Information in this RPDS is current as at its issue date and may change from time to time. Where changes are not materially adverse, the information may be updated on our website at www.guardiansecurities.com.au. If information changes that is materially adverse, Guardian will issue a supplementary or new replacement PDS.

Custodian

The custodian of the Fund is Australian Executor Trustees Limited ABN 84 007 869 794 (**AETL** or the **Custodian**). The Custodian is not the issuer of this RPDS and has not prepared this RPDS. The Custodian makes no representations as to, and takes no responsibility for, the accuracy or truth of any statement or omission from any part of this RPDS.

No Financial Product Advice

The information contained in this RPDS is general information only and does not take into account the individual objectives, financial situation, needs or circumstances of investors.

Accordingly, before you invest you must read this RPDS, comprising Part 1 and Part 2, in full. We also recommend you talk to a financial adviser or other professional adviser before making an investment decision.

Investors should consider the prospects of the Fund in light of their own individual objectives, circumstances or needs.

Capital and Investment Returns not guaranteed

The Fund is subject to investment risks, which could include delays in repayment, and loss of income and capital invested. Neither the Responsible Entity, the Custodian, the Development Manager, the Authorised Representative, or their directors or employees, nor any person, firm or corporation associated with the Fund or their professional advisers and appointed authorised representatives, guarantees, warrants or underwrites any dividend distributions, taxation deductions, capital invested or the performance of the Fund to investors.

An investment in the Fund is not a bank deposit, bank security or other bank liability. There is no guarantee of the repayment of capital from the Fund or the investment performance of the Fund.

Reliance on RPDS only

No person is authorised by us to provide any information or to make any statement in connection with the Offer of Units to you that is not contained in this RPDS, comprising Part 1 and Part 2, or in Updated Information provided by us. You should only rely on the information contained in this RPDS or any Updated Information before deciding to invest in the Fund.

Fees and Costs Information

As part of the disclosures of fees and costs required by the Corporations Act, certain fees and costs information disclosed within this RPDS is based upon Guardian's reasonable estimates of these fees and costs.

Such fees and costs information is not indicative of the fees and costs that you may actually incur for your investment.

Offering Restrictions

The Offer in this RPDS is available only to eligible persons as set out in this RPDS, who receive the RPDS (including electronically) within Australia, or in other jurisdictions, as set out below.

It may also be available to investors who have received the relevant offer document in New Zealand and have completed the application form attached to that relevant offer document to make their initial investment.

The offer will be made in accordance with the terms of the Trans-Tasman Mutual Recognition Fund which allows the Responsible Entity to make the offer in New Zealand.

Jurisdictions outside Australia and New Zealand

This RPDS is not intended to constitute an offer in any jurisdiction outside of Australia where, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the Units in the Fund or the offer of Units in the Fund or the Sub-Fund, or otherwise to permit an offering of the Units in any jurisdiction outside Australia or New Zealand. The distribution of this RPDS (electronically or otherwise) in jurisdictions outside Australia or New Zealand is limited and may be restricted by law. Anyone coming into possession of this RPDS should seek advice on its provision and distribution, and observe any relevant legal restrictions on using, providing or distributing it.

Failure to comply with such restrictions may constitute a violation of applicable securities law. It is your responsibility to comply with any laws of any country relevant to your application for Units in the Fund.

No Cooling-Off Rights

As at the date of this RPDS, as provided at **Section 2.13** there are no cooling-off rights for Applicants in the Fund as the Fund is illiquid, pursuant to Regulation 7.9.64 of the *Corporations Regulation 2001 (Cth)*. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted, subject to the Minimum Subscription period described in **Section 2.8**.

Rights and Obligations Attached to the Units

Details of the rights and obligations attached to each specific Sub-Fund are provided in the relevant Part 2 PDS. The material provisions of the Fund's Constitution providing information on the rights and obligations attaching, and the assets corresponding to Units, are summarised in **Section 8.6**. A copy of the Constitution is available, free of charge, on request from the Responsible Entity.

Risks

Some of the risks involved with an investment in the fund are considered in **Section 6** of this Part 1 RPDS. Additional risks that relate to a Sub-Fund are set out more fully in the Part 2 PDS.

Forward-looking Statements

This RPDS contains forward-looking statements, statements identified by use of the words 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'targets', 'plans', 'goals', 'outlook', 'aims', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Guardian, its directors and its management.

While Guardian believes that expectations in forward-looking statements in this RPDS are reasonable, no assurance can be given that such expectations will prove correct. They are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

As set out above, Guardian does not make any representation, express or implied, in relation to forward-looking statements other than required by law and potential investors are cautioned not to place undue reliance on these statements. Guardian does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this RPDS, except where required by law.

These statements are subject to various risk factors that could cause the Fund's actual results to differ materially from the results expressed or anticipated in these statements. Key risk factors are set out in **Section 6** and the relevant Part 2 PDS to which the Sub-Fund relates. These and other factors could cause actual results to differ materially from those expressed in any statement contained in this RPDS.

Past Performance

Past performance does not guarantee future results. You should not rely on any past performance as a guarantee of future investment performance. Unit values and investment returns will fluctuate. Investors are cautioned that data based on less than five (5) years' experience may not be sufficient to establish a track record on which investment decisions can be based.

Anti-money Laundering Legislation

We or the Custodian may require further information from you from time to time to comply with our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF) or the United States Foreign Account Tax Compliance Act (FATCA). By applying for Units under this RPDS, you undertake to provide us with all additional information and assistance that we may reasonably require.

Privacy Act

Please read the privacy statement in **Section 10.6** of this Part 1 RPDS. By signing and returning the Application Form you consent to the matters outlined in that statement.

Glossary and Currency

Defined terms and abbreviations used in this RPDS are explained in the Glossary. References to '\$' in this RPDS are to Australian dollars unless stated otherwise.

Diagrams

Diagrams used in this RPDS are illustrative only. Photographs shown on this RPDS are not assets of the Fund unless stated otherwise stated.

Contact

If you have questions or require assistance with completing the Application Form or require additional copies of the RPDS, please contact us on +61 7 5562 0888.

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DIRECTOR'S GREETING

Dear Investor,

It gives me great pleasure to invite you to become an investor in the SMSF Property Fund ('the Fund').

The Fund is a direct property registered managed investment scheme limited to stable property trusts or syndicates. The Fund was established in 2013 and as at the date of this Part 1 RPDS ten (10) developments with a combined end value of \$106,907,573 have been undertaken by the Fund.

With each development and/or investment opportunity within Australia, we have in place our investment criteria of location, viability, feasibility, marketability and risk assessment and upon completing our due diligence on each development we look to you and other like-minded investors to become equity partners in order to fund our investment offer.

Using special purpose companies for each specific development or property investment, upon subscription of a Unit allocated to a specific Special Purpose Vehicle ('SPV') in our sub-fund, each investor will acquire a beneficial ownership interest in a property development or project undertaken by that SPV.

As Responsible Entity of the Fund, we seek to ensure that all property developments are professionally managed utilising project managers, registered builders and civil contractors with proven property development experience and appropriate qualifications. You, as equity partner together with your fellow investors enjoy all the benefits (and risks) associated with becoming a property developer having an opportunity to earn income not usually available to investors who purchase completed developments.

This Part 1 RPDS together with the relevant Property or Development Part 2 PDS contains important information about the Offer and the risks associated with the Fund at Section 6 Risks of Investing.

When considering an investment in the Fund, please read this RPDS and the relevant Part 2 PDS for the sub-fund investment carefully and consult your financial or other adviser to ensure it is appropriate for your objectives, financial situation and needs.

Yours faithfully,



Guy Hasenkam
Managing Director
Guardian Securities Limited

1. AT A GLANCE

The following table summarises the key features of an investment in the Fund and refers to the sections of this Part 1 RPDS where you can find further information.

You should read this Part 1 RPDS and the relevant Part 2 PDS in full in order to properly understand your investment in the Fund.

1.1 Investment Summary

Matter	Summary	Refer Part 1, section
Fund	SMSF Property Fund ARSN 159 753 474, an Australian registered, unlisted, direct real property managed investment scheme limited to stable property trusts or syndicates.	2.1
Responsible Entity & Product Issuer	Guardian Securities Limited ACN 106 187 731, holder of AFSL No. 240506.	8
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794 holds the Fund's property, separate from the assets of the Responsible Entity.	8.9
Development Manager	SMSF Property Australia Pty Ltd ACN 159 744 386 has been appointed as the Development Manager and is responsible for the acquisition of Property and Developments undertaken by the Fund.	10.1(a)
Investment Objective	To provide investors with the opportunity to participate in a specific Property or Development in the commercial, industrial, retail or residential property sector as selected by the Responsible Entity in consultation with the Development Manager. <i>This is an objective not a forecast.</i> <i>No returns are guaranteed, and you risk capital loss.</i>	2.2
Type of Investment	Direct real property managed investment scheme limited to stable property trusts or syndicates.	2.1
Fund Details	<ul style="list-style-type: none"> The Fund comprises an applications bank account and a range of Property or Development investments. All investments are made first to the Fund's applications account. You can select which Property/ies or Developments you wish to invest in by applying for Units in the particular Class corresponding to that Property or those Properties (Class of Unit or Sub-Fund). The Fund is structured to provide you with an entitlement to share proportionally in the development profit (if any) generated by the Property or Development corresponding to the Sub-Fund in which you invest. Once a Property or Development becomes available, Guardian circulates the relevant Part 2 PDS which contains full details about the particular investment to investors. For each Property or Development, Guardian will establish individual Special Purpose Vehicles (SPV) to purchase and hold the Property on behalf of the Sub-Fund. 	2.1 Investors should also refer to the relevant Part 2 PDS for specific details about the investments relevant to a particular Sub-Fund.

	<ul style="list-style-type: none"> ▪ The Custodian, on behalf of the Fund, will be the sole ordinary shareholder of each corresponding SPV in a Sub-Fund, thereby providing Unitholders in the relevant Sub-Fund with a proportional beneficial ownership interest in the Property or Development. ▪ The Fund will raise capital for development of the Property or Development in the Sub-Fund and will limit gearing (if any) to no more than seventy percent (70%) of the end value of that Property or Development. which could include gearing up to a maximum of 45% in the form of debt financing by way of the issue of preference shares by the SPV. ▪ The Development Manager has the primary responsibility for the management and operation of the acquisition of the Property and/or Development process. ▪ Investor contributions are quarantined within the Sub-Fund so that Unitholders in each Sub-Fund do not have recourse to the property and assets held in other Sub-Funds of the Fund. 	
Fund Characteristics	<p>(a) Investor selects and approves the Property or Development to invest their funds;</p> <p>(b) Fixed or defined term chosen by the investor at the start of the investment;</p> <p>(c) An independent and qualified valuer values the Property or Development prior to acquisition of the Property.</p>	3
Development Income Fund (DIF)	<p>Any loans required to fund the acquisition and/or development of, or balance of funding for, the Property or Development will be borrowed by the SPV on a non-recourse basis from the Development Income Fund (DIF) or from bank funding if required.</p> <p>Details of the terms and quantum of Preference Shares issued by the SPV to DIF will be advised in the Part 2 PDS for each Development.</p>	<p>4</p> <p>Investors should also refer to the relevant Part 2 PDS for specific details about the investments relevant to a particular Sub-Fund.</p>
Investor Reporting	<p>A report detailing the Fund's performance and strategy will be provided to all investors half yearly. These reports, once issued to investors, along with updates and performance information, will be published on Guardian's website www.guardiansecurities.com.au.</p>	<p>1.1. About the Part 2 PDS</p> <p>Details of an investment opportunity will be contained in the relevant Part 2 PDS, and a separate Part 2 PDS will be issued for each Sub-Fund Offer.</p> <p>The Part 2 PDS will contain information about the Property or Development, including the</p>

		<p>purchase price, location, and anticipated development, construction or renovation costs.</p> <p>Subject to the requirements of the Corporations Act, a summary of the valuation report for the Property will be included in Part 2 for the Offer corresponding to that Property.</p> <p>We will allocate each Property or Development to a Sub-Fund (and two or more Properties may be allocated to a Sub-Fund) and investors who wish to invest in that particular Property will be able to subscribe for the corresponding Sub-Fund by completing the Application Form in accordance with the instructions in Part 2.</p> <p>Part 2 will also provide information on the rights and obligations attaching to the Sub-Fund, the issue price of the</p>
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		<p>Units, the investment strategy of that Sub-Fund, the number of Units available under the Offer, whether the Sub-Fund has a fixed or ongoing term and whether further Units will be available.</p> <p>**This is Part 1 of this RPDS. If you have not received both parts, please contact us on + 61 7 5562 0888. In relation to any investment strategy, Part 2 of this PDS may amend or vary any statement or provision in Part 1 of this RPDS. In this case, Part 2 of this PDS prevails. You should read both parts of this RPDS (Part 1 and Part 2 together are referred to as the "RPDS") before deciding whether to invest in the Fund.**</p> <p>Investor Reporting0</p>
Updated Information	<p>Updated Information concerning key investment information will be made available on Guardian's website www.guardiansecurities.com.au.</p> <p>Updates regarding the progress of each Property or Development and details of any recent valuations of the Fund will be made available on the Development Manager's website www.smsfproperty.net.au.</p>	0, 5.7

1.2 Investment Details

Matter	Summary	Refer Part, section
Investment Offer	Investors will be offered the opportunity to invest in a range of Property or Developments offered by Guardian under various Sub-Fund Part 2 PDS. Details of those Units and the corresponding Property are contained in the relevant Part 2 PDS.	2.4 Investors should also refer to the relevant Part 2 PDS for specific details about the investments relevant to a particular Sub-Fund.
Investment Term	The term of each investment offer may range from twelve (12) months to five (5) years as either a fixed or ongoing investment term. Details of the specific Sub-Fund on offer and its investment terms are described in the relevant Part 2 PDS.	0, 3.3 Investors should also refer to Part 2 of the PDS for specific details about the investments relevant to a particular Sub-Fund.
Issue Price	The Issue Price may vary for each Sub-Fund and is described in detail in the relevant Part 2 PDS.	Part 2 PDS
Minimum Investment	The minimum investment for each Sub-Fund Offer will be disclosed in the relevant Part 2 PDS.	Part 2 PDS
Minimum Subscription	We will only proceed with a Sub-Fund where valid applications have been received for all Units offered in the relevant Sub-Fund under that Offer, subject to any funding to be provided by the DIF to complete the investment opportunity as disclosed in the relevant Part 2 PDS for the Sub-Fund. If the Minimum Subscription Amount for Units in a Class is not reached within four (4) months of the date of the Part 2 PDS , Investor Application Money will be returned (with Interest at current bank rates) less any bank fees that may apply. The number of Units available in a Sub-Fund under a particular Offer will be disclosed in the relevant Part 2 PDS.	2.8 Investors should also refer to the relevant Part 2 PDS for specific details about the investments relevant to a particular Sub-Fund.
Distributions	The Fund expects distributions to be paid within thirty (30) days from the sale of the applicable completed Property or Development, subject to the Fund having sufficient income, with a partial distribution payable on the sale of any staged Developments. The intended timing of distributions for a Sub-Fund will be disclosed in the relevant Part 2 PDS.	2.10, 3.2 Investors should also refer to the relevant Part 2 PDS for specific details about the investments relevant to a particular Sub-Fund.
How Distributions are Paid	Your distribution is paid directly into your nominated bank account.	2.10
Transfer	You may transfer your Units to another person but there will be no established secondary market (e.g. stock exchange) for the Fund.	0Error! Reference source not found.
Redemptions	The Fund provides investors with a limited withdrawal right for an ongoing term and a full withdrawal opportunity at the end of each fixed term. Any intended redemptions for a Sub-Fund (if any) will be disclosed in the relevant Part 2 PDS.	2.11, Disclosure Principal 7
Benefits of the	The benefits of investing in the Fund include:	0

Offer	<ul style="list-style-type: none"> (a) the Fund comprises of Sub-Funds that each have their own investors, and hold separate and distinct assets from each other; (b) you are able to select the specific development Property or Development in which you will hold a beneficial interest in and share in the rewards and risks of that Property or Development; (c) you will be able to select whether to invest in a Sub-Fund with a fixed or ongoing investment term; (d) the independent custodian holds all shares in the SPV in its capacity as agent of the Responsible Entity of the Fund; and (e) you can benefit from the expertise and experience of our Board, the Development Manager and our appointed property professionals. 	
Risks of the Offer	<p>As with all investments, an investment in the Fund is subject to risks. We aim, where possible, to actively manage risks. However, some risks are outside the control of Guardian and the Development Manager.</p> <p>Some of the key risks that may impact on the value of your investment in the Fund include:</p> <ul style="list-style-type: none"> (a) lack of diversification – you will have an interest in a Property/ies or Development corresponding to the Sub-Fund you invest in but will not have an interest in the Fund properties as a whole. Therefore, the performance of your investment will be predominantly dependent upon the performance of the Property or Development in which you invest; (b) construction and development risk – there is no guarantee that a builder or contractor engaged to construct or develop a particular Property or Development will complete the development on time or within budget, which may result in construction cost increases eroding the amount of distributions available at the end of the term (if any); (c) valuation risk – the value of the Property upon completion of the development may be less than expected, including as a result of general property market or economic conditions; (d) distribution risk – there is no guarantee that distributions will be paid or, if paid, the amount of any distribution; and (e) liquidity – there is no secondary market for Units. We expect the Fund will be non-liquid and you will only be able to redeem your Units in accordance with a withdrawal offer made by us. There is no assurance that withdrawal offers will be made with any particular frequency, you will be able to redeem your Units or, if a withdrawal offer is made, you will be able to redeem all or a desired number of your Units pursuant to that offer. (f) For Sub-Funds with a defined term, we do not expect withdrawal offers will be made prior to expiration of their term and the applicable term will be disclosed in the relevant Part 2 PDS. <p>These and other risks are detailed in Section 6 of this Part 1 and any further risks specific to a particular Sub-Fund or Offer will be detailed in the relevant Part 2.</p> <p><i>If these risks eventuate, they may result in reduced distributions and/or reduce the capital value of an investment in the Fund.</i></p>	<p>6</p> <p>Investors should also refer to the relevant Part 2 PDS for specific details about the risks specific to investments in a particular Sub-Fund.</p>

Offer Structure	<p>Part 1</p> <p>Part 1 of this RPDS provides information about the Fund's investment objectives and structure, details about us and our directors, the benefits and risks of investing in the Fund.</p> <p>It also gives details on fees and expenses which may be payable by you as an investor, a summary of the taxation implications of investing in the Fund, summaries of the material terms of key documents and other information relevant to you as an investor.</p> <p>Part 2</p> <p>Part 2 of the PDS contains information about the particular Sub-Fund and Offer including:</p> <ul style="list-style-type: none"> (a) specific details of the Property and, where applicable, Development; (b) details of the investment strategy of the Sub-Fund; (c) the rights, obligations and term of the Sub-Fund Units offered; (d) the issue price of the Sub-Fund Units offered; (e) the fees and expenses of the Sub-Fund and Offer; (f) projected returns to Investors; (g) details of the issue of any Preference Shares by the SPV to DIF; and (h) a summary of the terms of any borrowings or other financial accommodation (if any) being obtained to assist the Fund with the purchase of the Property and, if applicable, undertaking of the Development. <p>Part 1 and Part 2 together constitute the entire RPDS and you should read both documents in their entirety.</p>	
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1.3 Fees & Other Costs

Establishment Fee	Nil	7.1(a)
Contribution Fees	We are entitled to receive a fee for our efforts in raising funds for Sub-Fund. This fee may be up to a maximum of 5.5% (incl. GST) of application moneys received and is paid from the assets of the Sub-Fund at the time the Units for that Class are issued. Details are contained in the relevant Part 2 PDS for that Sub-Fund.	7.1(a), 7.3(a)
Withdrawal Fees	Nil	7.1(a)
Termination Fees	Nil	7.1(a)
Management Fee	We are entitled to receive a management fee up to 5.5% per annum (incl. GST) of the Gross Asset Value out of the assets for each Sub-Fund. This fee is calculated and payable monthly in arrears to manage the assets of the Fund. Details are contained in Part 2 of the PDS for that Sub-Fund.	7.1(b)7.3(b)
Performance Fee	We are entitled to receive a performance fee from the Units corresponding to the Sub-Fund, equal to a maximum of up to 20% of the Net Development Profit (if any) of the asset. This fee is due and payable when the Net Development Profit is realised for that asset (if at all) and is payable from the proceeds from the realisation of that asset in the Sub-Fund. Details are contained in Part 2 of the PDS for that Sub-Fund.	Part 2 PDS

Acquisition & Due Diligence Fees	The Development Manager is entitled to an acquisition fee of up to 5.5% (incl. GST) of the higher of the purchase price or market value of any property acquired for the Fund, paid from the proceeds of the Sub-Fund at settlement of the corresponding asset.	7.3(c)
Development Manager Fees	The Development Manager is entitled to receive development management fees of up to 7.7% (incl. GST) on Total Development Costs for the Property or Development, payable by the relevant Sub-Fund upon receipt of invoices approved by the Responsible Entity.	7.3(d)
Fund Operating Expenses	We are entitled to be paid or reimbursed for all expenses and liabilities incurred in connection with operating the Fund. These expenses are expected to be up to 0.5% (incl. GST) per annum of the Fund's Gross Asset Value.	7.1(b), 0
Adviser Fees	If you authorise and direct us to do so in your Application Form, we may pay an adviser fee to appropriately qualified financial advisers and agents who introduce investors to the Fund. This fee may be up to a 3.3% (incl. GST) of application moneys and is deducted from your investment prior to issuing units in the Fund and paid to the relevant adviser as nominated on your Application Form. This fee is not paid by Guardian.	7.6

1.4 Additional Information

Tax	Investing in the Fund may have taxation consequences for you. We recommend you seek professional tax advice before investing in the Fund.	0
Investment Advice	Guardian does not provide any financial product advice, whether in the nature of personal advice or general advice, as to the suitability of an investment in the Fund. It therefore does not advise potential investors. Investors should seek their own independent investment advice before making an investment in the Fund.	Important Information
Complaints Resolution	Any complaints can be made by contacting us. Our contact details are set out below. Phone: 07 5562 0888 Email: info@guardiansecurities.com.au	10.10

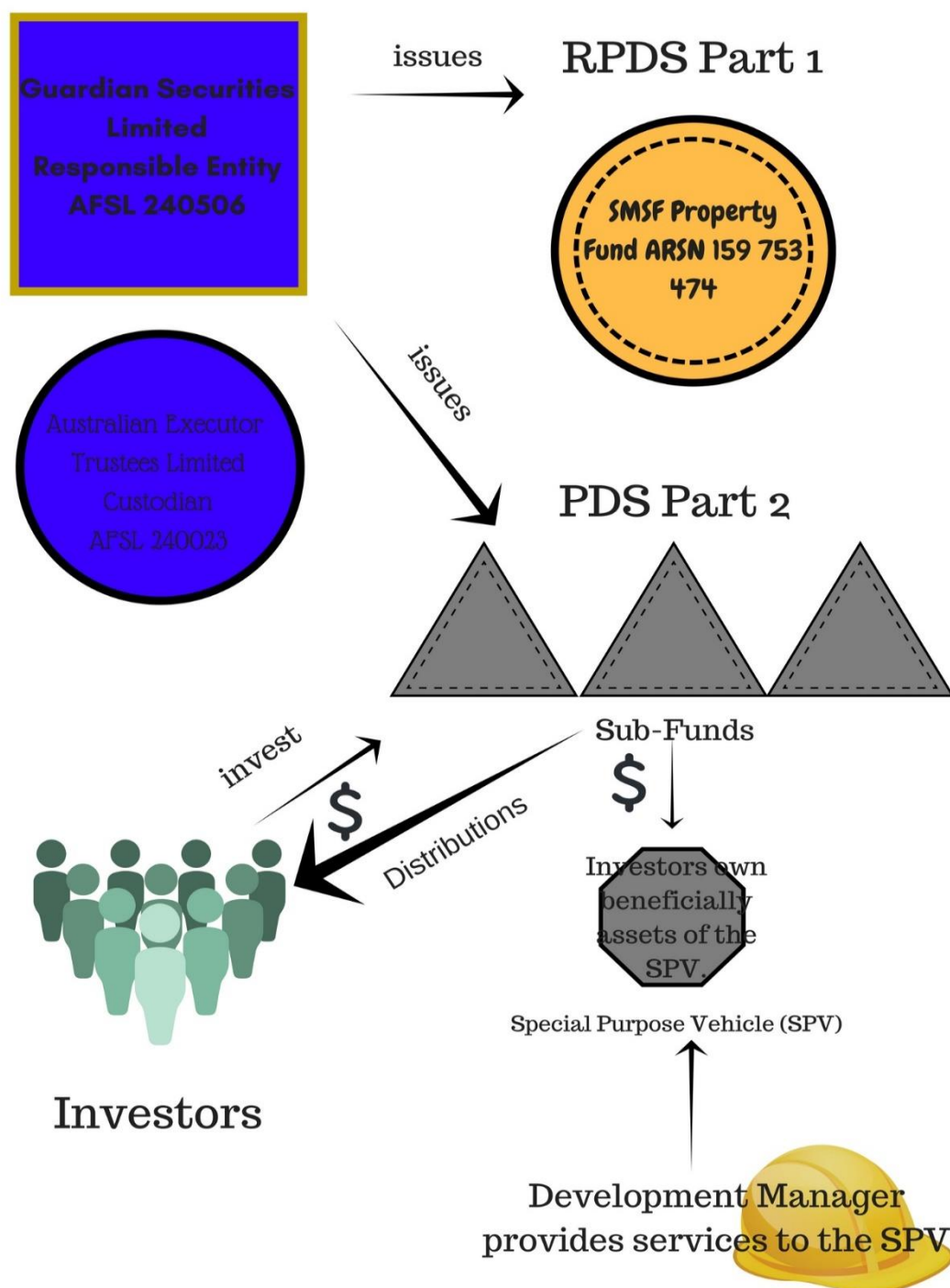
Please note, this is a summary only of the key features of an investment in the Fund. Investment decisions are important. They often have long term consequences. You are urged to read this RPDS, and the relevant Part 2 of the PDS, carefully consider them both, ask questions, and seek independent advice before deciding to invest.

2. FUND OVERVIEW

2.1. Fund Structure

The Fund is an unlisted, registered, direct real property management investment scheme structured as a Unit trust.

The structure of the Fund can be diagrammatically represented as follows:



The Fund offers you the opportunity to share in the risks and rewards of property development having the goal of earning a share in development profit resulting from the Sub-Fund acquiring the proposed Property or undertaking the projected Development, as described in the relevant Part 2 PDS presented to you for investment.

Investors do not invest in a pool or collective of mortgages. Under a “pooled” managed investment scheme, investors’ funds are pooled with those of other investors to facilitate larger scale investments. Investors hold units in the entire scheme which represents a proportional entitlement in the total assets of the scheme based on the amount invested and the issue price of the units at the time of entry to the scheme.

Our Fund is structured to ensure the performance of a Property or Development corresponding to a particular Sub-Fund does not affect the returns (if any) achieved by investors holding Units in another Sub-Fund which correspond to a different Property or Development. This will enable you to participate in the benefits, returns and risks of the Developments corresponding to the Sub-Fund in which you invest, but not the benefits, returns and risks of other property and income in the Fund as a whole, though you will have an interest in any residual assets and income, liabilities or expenses of the Fund which do not correspond to any specific Sub-Fund.

However, the Fund is a single entity, including for taxation purposes, and there remains a risk this could occur.

2.1.1. The Fund

The Fund derives its income by acquiring, developing, constructing and subsequently selling Australian property.

The Fund comprises an applications account operated by the Custodian as a Trust Account where your investment is held pending minimum subscription for the Sub-Fund and allocation to a specific Property or Development investment. Members of the Fund actually invest in individual Sub-Funds pursuant to a Part 2 PDS.

An investor in a Sub-Fund is known as a ‘Unitholder’. Members do not invest in the Fund as a whole.

2.1.2. Sub-Funds

The Fund is comprised of multiple Sub-Funds that each have their own Unitholders and hold separate and distinct assets and security from each other. Investors join by registering to become a Member of the Fund, and then apply to participate in a specific Sub-Fund as a Unitholder.

A particular Sub-Fund Offer involves the acquisition of the Property or Development site and subsequent development of that Property or Development site. Each Sub-Fund derives its income from the proceeds of sale of the completed Property or Development belonging to that Sub-Fund. Unitholders derive income from each Sub-Fund in which they are an investor in proportion to their share of contribution to the Sub-Fund through the payment of distributions.

By investing in a particular Sub-Fund Offer, Unitholder contributions to a particular Offer are quarantined within the Sub-Fund as Unitholders in each Sub-Fund do not have recourse to the property held in other Sub-Funds.

2.1.3. Special Purpose Vehicles

To minimise the risk of a particular Sub-Fund adversely affecting another Class, each Property acquired and any other non-property assets corresponding to that Sub-Fund will be held in a separate SPV of which the Custodian, on behalf of the Sub-Fund, is the sole shareholder and [where possible] directors of Guardian are also directors of the SPV. For details of Risks of investment in the Fund, you should refer to **Section 6** of this Part 1 RPDS.

2.2. Investment Objective

The Fund's investment objective is to generate returns for investors through the purchase, development and subsequent sale of commercial, industrial, retail or residential property. Guardian will source Property/ies and Developments for investment purposes which meet the Fund's investment objectives throughout Australia, in areas which we believe are, or may be potential, growth regions.

2.3. Investment Strategy

The Fund intends to consider Property or Developments in the commercial, industrial, retail and residential property sectors:

Sector	Example
Commercial	The development of an office building.
Industrial	The development of a warehouse or manufacturing facility.
Retail	The development of a shopping centre.
Residential	A land subdivision or a multi-lot residential development comprising house and land packages, apartments and villas.

The Fund's Property or Development acquisition strategy will typically involve the identification and purchase of a property development site, obtaining approvals to undertake the development, construction of the development followed by a subsequent sale of the completed Property or Development, which may be undertaken in staged sales.

The cost of purchasing the Property and undertaking the development will be funded from money raised from Investors and, for some Developments, non-recourse borrowings. It is anticipated that Investors will share in any profits generated on the subsequent sale of the Property or completed Development.

A recent example of a current Development which has been invested into by the Fund is:

Glenvale Development

Located in the city of Toowoomba, the Glenvale Development is a 314 lot, large land subdivision. The average size of lots for sale will be 550 square metres. Profits are shared proportionally between Investors in this Sub-Fund on completion of the Development.

For more information on our Glenvale Development Sub-Fund, visit <https://www.smsfproperty.net.au/available-projects/>.



2.4. Units in the Fund

The Units issued by the Fund comprise fully paid ordinary units in the Sub-Fund of the Fund. Each Unit will entitle the holder to receive Distributions declared and proceeds on winding up of the Sub-Fund in proportion to the number of Units on issue as it relates to their Sub-Fund. One Unit entitles their holder to one vote, either in person or proxy, at a meeting of the Fund.

2.5. Rights and Obligations Attached to the Units

Details of the rights and obligations attached to each Unit are set out in the Fund Constitution.

Generally, a Unitholder's right to Fund assets is confined to the extent of the Unitholder's contribution to the individual Sub-Fund. The material provisions of the Constitution are also summarised in **Section 8.6**. A copy of the Constitution is available, free of charge on request from Guardian.

2.6. Preference Shares to the Development Income Fund

From time to time, a SPV may issue Preference Shares to another managed investment scheme related to the Fund, the Development Income Fund (**DIF**), providing a fixed dividend for the purposes of borrowings for the relevant Sub-Fund Property or Development. Under this proposal, the Preference Share Holders investment will take priority over that of ordinary shareholder dividends, allowing the SPV to acquire the Property, complete the Development or to escalate construction ahead of schedule to take advantage of market conditions.

In these instances, Guardian has resolved that the issue of these Preference Shares to the DIF cannot exceed 45% of Total Development Costs (**TDC**) of a Development. In addition to the repayment of the initial equity investment, the Preference Shares currently attract a dividend of 12.0% per annum payable monthly in arrears, plus a 1.0% engagement fee payable by the SPV, similar to the terms of a Non-Recourse Loan. These fees and dividends are fully costed into the TDC as set out in the relevant Part 2 PDS for that Sub-Fund.

In the event of a winding up of a SPV, the Preference Shares issued by that SPV to the DIF as Preference Share holder will take preference ahead of ordinary shares held by the Custodian on behalf of the investors in the Sub-Fund for the return of capital and dividends to repay the equity investment.

However, the Preference Share holder does not have the same rights as an external lender, such as entering into possession of the property, appointing receivers, selling the asset or otherwise having control of a development, which means that Guardian, via the Custodian, and the Sub-Fund Unitholders remain proportionate owners of the Property or the Development at all times. For further details about how this lending facility works within the DIF, see **Section 4**.

2.7. Fund Process

If we have identified a Property or Development which we believe is a suitable investment opportunity and consistent with the Fund's objectives, we will arrange for a SPV to enter into a contract to purchase the Property take an option over the Property or enter into another arrangement securing the right to purchase the Property.

Settlement of the purchase of the Property will, in addition to usual property acquisition conditions (for example, due diligence), be conditional upon the raising of sufficient funds, via an Offer of Units under a relevant Part 2 PDS, to complete the purchase of the Property [and, for a Development, meeting the budgeted costs of undertaking the Development (less the amount of any loan to be obtained to fund the purchase and, where applicable, the Development itself)].

We will undertake extensive due diligence on each Property and each Property will be selected based on the following criteria:

- (a) the Property is located in a recognised growth area; and
- (b) the Development will be constructed by suitably qualified and experienced civil contractors, project developers and builders;
- (c) the purchase price of the Property and the gross realisation of the completed Development are supported by an 'as is' and 'as if complete' valuation undertaken by an approved valuer (refer to **Section 5.4**) or is supported by evidence, outlined in the Part 2 PDS, which explains any variance between the independent valuation and the purchase price; and
- (d) the construction costs are supported by an assessment undertaken by an independent quantity surveyor, land surveyor or other appropriate professional having regard to the size and nature of the proposed Development.

2.8. Minimum Subscription

The Part 2 PDS discloses the minimum subscription threshold applying to a relevant Sub-Fund. When you apply to invest in the Fund, your money is held in trust in an applications account by the Custodian until we accept your application for investment.

We have an absolute discretion to decline an application and are not required to give a reason. We will only proceed with a Sub-Fund investment if valid applications have been received for the minimum subscription amount sought under the applicable Part 2 PDS.

If your application is declined or the minimum subscription for a Sub-Fund is not achieved within the minimum subscription period specified in the relevant Part 2 or, in any case, **four months** from the date of the Part 2 for that Sub-Fund Offer, your application money will be returned promptly, with interest (if any) earned on your application money less any fees charged by the bank and any taxes we are required to withhold from the interest paid to you. Any interest earned on the application money for which Units are issued will form part of the assets of the Fund.

2.9. Term

Generally, Sub-Funds will either have:

- (a) a **fixed** investment term, having no withdrawal rights and relate to a particular Property or Development, details of which will be provided in the relevant Part 2 PDS relating to that Sub-Fund; or
- (b) an **ongoing**, with no specified investment term, limited withdrawal rights and relate to a particular Property sector with details of the initial Property or Development to be acquired disclosed in the relevant Part 2 PDS relating to that Sub-Fund [sometimes with the ability to raise funds under future Offers to purchase additional Property].

Generally, we expect the term for Sub-Funds with a **fixed** term to be in the range of twelve (12) months to five (5) years. This timeline is in our opinion is required to undertake and/or construct the development and sell the completed Property or Development.

For Sub-Funds with an **ongoing** term, the Units will continue for the duration of the Fund unless:

- (a) we determine it is in the best interests of those investors to wind up the Sub-Fund, or
- (b) the Fund is terminated, or
- (c) investors in that Sub-Fund resolve, by Extraordinary Resolution, to wind up the Sub-Fund.

On completion of the initial Offer for either fixed or an ongoing term, further Units in the Sub-Fund may be offered from time to time to raise funds to facilitate the acquisition of further Property in accordance with the investment strategy of that Sub-Fund. The details of any proposed subsequent Offers will be contained in the Part 2 PDS.

For any Sub-Fund, the term of investment may be automatically extended by us for such period as is necessary for the Property or Development of that Sub-Fund to be realised and net proceeds distributed, meaning Units will not terminate until net proceeds from the sale of the Property or Properties of that Sub-Fund have been distributed.

In any case, if the investment term has expired it will only be extended if Unitholders in the Sub-Fund unanimously approve the extension of the term. The procedures discussed above, including the ability to extend the term further, will then apply to any extended term. To be passed, an Extraordinary Resolution for a Fund requires the resolution be passed by at least 50% of the total votes that may be cast by Unitholders in the applicable Sub-Fund entitled to vote on the resolution (including Unitholders who are not present in person or by proxy).

If Unitholders in a Sub-Fund resolve to wind up a Sub-Fund, the assets corresponding to that Sub-Fund will be realised and net proceeds distributed to those Unitholders according to their contributions.

The relevant Part 2 PDS will disclose whether the particular Sub-Fund has a defined or ongoing term and, if a defined term, the duration of that term.

2.10. Distributions

We expect that your investment in a Property or Development will not generate any income for the Sub-Fund during the acquisition and development, renovation or construction phase. Accordingly, the expenses associated with the Property or the Development will be paid out of the monies raised as part of the Offer and, where applicable, borrowings.

Consequently, we do not anticipate income distributions will be paid on those Units during the term of the development until the sale of the Property or Development has been completed (if any).

Generally, we will also collect income earned which relates to the Fund generally and not to any specific Sub-Fund and may allocate this income between some or all of the Sub-Funds.

Similarly, where expenses relate to the Fund generally, and not to any particular Sub-Fund (for example, audit costs and legal fees), then such expenses may be paid from general Fund income or allocated between some or all of the Sub-Funds.

Any net income remaining after payment of Sub-Fund expenses and any residual share of general Fund expenses will be distributed to Unitholders based on the number of Units held in the relevant Sub-Fund within ninety (90) days after the end of each financial year.

Distributions will be automatically paid by electronic transfer to your nominated account with an Australian financial institution. The transfer of distributions to your account will typically occur within five (5) business days after we declare to pay a distribution. Distributions made by the Fund will generally be unfranked and details of the tax status of these distributions will be included in your yearly statement within ninety (90) days after the end of the financial year end.

Distributions are not guaranteed and may be reduced or not paid if the profit available or expected to be available for distribution is less than forecast or if other unforeseen events occur.

Capital gains or losses may also occur on the disposal of the Fund's assets, which may impact the amount available for distribution.

2.11. Redemption of Units

If you invest in a Sub-Fund with a **fixed** term, there is no early withdrawal from the Fund and you cannot redeem your investment nor are we obligated to repurchase your Units. Subject to any extension of the term, your Units will terminate at expiration of that defined term and prior to the termination of your Units, the assets of that Sub-Fund must be realised, and net proceeds distributed to Unitholders in that Sub-Fund.

If your Units have a fixed term, you should treat your investment as illiquid as being in place for the full duration of that term.

If you invest in a Sub-Fund with an **ongoing** term and limited withdrawal rights, those Units will continue for the duration of the Fund or such earlier time as Unitholders in that Sub-Fund resolve, by Extraordinary Resolution, to wind up that Sub-Fund or we consider it is in the best interests of those investors to do so.

Limited withdrawal rights, such as an event of financial hardship or death, will enable you to apply to have your Units redeemed and similarly, where we make a withdrawal offer for that Sub-Fund, such as in the event of a staged Development. However, we are under no obligation to make a withdrawal offer or provide limited withdrawal rights for any particular Sub-Fund and there is no assurance that withdrawal offers will be made in any particular time frame or with any particular regularity.

Generally, we will only make a withdrawal offer where we believe it is appropriate to distribute capital to investors in that Sub-Fund, for example as a result of the sale of a Property.

You should consider an investment in a Sub-Fund within an ongoing term as a long-term investment.

2.12. Transfer of Units

You may transfer your Units to another person but there is no established secondary market (e.g. stock exchange) for the Fund or a particular Sub-Fund.

We maintain a list of potential buyers and sellers of Units, and investors can be added to, or obtain a copy of, the list by contacting us. If you wish to sell your Units, you will need to contact a potential buyer and agree the terms of any sale, including price, as we will not disclose sale prices or facilitate the sale or purchase of Units.

To transfer your Units, you must find a buyer and send us a valid transfer request signed by both parties. You can obtain transfer forms by contacting us.

You should consider your investment in the Fund as illiquid.

You should consider an investment in a Sub-Fund within an ongoing term as a long-term investment.

2.13. Cooling-Off Rights

As at the date of this RPDS, subject to the Minimum Subscription provision stated in **Section 2.8**, there are no cooling-off rights for investors in the Fund as the Fund is illiquid. The Fund invests directly into real property and these investments are usually illiquid as the assets are real property.

Accordingly, pursuant to Regulation 7.9.64 of the Corporations Regulation 2001 (Cth), for retail investors this means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

If you are an Investor who qualifies as a 'wholesale client', as defined in the Corporations Act, the cooling-off period is not available to you.

2.14. How to Invest in the Fund

The Offer is open to retail investors and wholesale investors who have a registered address in Australia or New Zealand.

Information about a particular Property or Development offered for investment in the Fund, the relevant SPV and the Sub-Fund available for subscription are contained in Part 2 PDS. The Part 2 PDS also discloses the investment strategy for that Sub-Fund, issue price of the Units in that Class, and the number of Units available for subscription under an Offer for the Sub-Fund.

To invest in a particular Property or Development by purchasing Units in the applicable Sub-Fund, and therefore the Fund, please read this RPDS comprising both Part 1 and Part 2, and complete and submit the Application Form referred to in Part 2 PDS in accordance with the instructions on that form.

2.15. Warning statement – issues to New Zealand investors

This Offer if made to New Zealand investors is a regulated offer made under Australian and New Zealand laws. In Australia, this is Chapter 8 of the Corporations Act and Corporations Regulations. In New Zealand, this is Part 5 of the *Securities Act 1978* and the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008*. This Offer and the contents of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations (Australia) set out how the offer must be made.

There are differences in how securities are regulated under Australian law, for example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities. The Offer may involve a currency exchange. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between the currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amount in a currency that is not New Zealand dollars, you may incur significant fees in having the Funds credited to a bank account in New Zealand in New Zealand dollars. The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

2.16. About the Part 2 PDS

Details of an investment opportunity will be contained in the relevant Part 2 PDS, and a separate Part 2 PDS will be issued for each Sub-Fund Offer.

The Part 2 PDS will contain information about the Property or Development, including the purchase price, location, and anticipated development, construction or renovation costs.

Subject to the requirements of the Corporations Act, a summary of the valuation report for the Property will be included in Part 2 for the Offer corresponding to that Property.

We will allocate each Property or Development to a Sub-Fund (and two or more Properties may be allocated to a Sub-Fund) and investors who wish to invest in that particular Property will be able to subscribe for the corresponding Sub-Fund by completing the Application Form in accordance with the instructions in Part 2.

Part 2 will also provide information on the rights and obligations attaching to the Sub-Fund, the issue price of the Units, the investment strategy of that Sub-Fund, the number of Units available under the Offer, whether the Sub-Fund has a fixed or ongoing term and whether further Units will be available.

****This is Part 1 of this RPDS. If you have not received both parts, please contact us on + 61 7 5562 0888. In relation to any investment strategy, Part 2 of this PDS may amend or vary any statement or provision in Part 1 of this RPDS. In this case, Part 2 of this PDS prevails. You should read both parts of this RPDS (Part 1 and Part 2 together are referred to as the "RPDS") before deciding whether to invest in the Fund.****

2.17. Investor Reporting

You will receive written confirmation of your purchase of Units as well as the following regular updates:

- (a) a regular update on key investor information containing information relating to your Sub-Fund and the performance of the Property or Development corresponding to that Sub-Fund;
- (b) an annual taxation statement; and
- (c) an annual periodic statement.

Regular updates will be provided for Development investments by visiting the Development Manager's website www.smsfproperty.net.au and clicking on the appropriate link. For detailed information of the status of a particular Property in a Sub-Fund please:

- (a) visit the website of the Development Manager at www.smsfproperty.net.au; or
- (b) phone the Development Manager on 1300 SMSFGO (767346).

Continuous disclosure obligations and the Fund's annual financial statements can, when available, be found on the website at www.guardiansecurities.com.au.

3. BENEFITS OF INVESTING IN THE FUND

Investing in the Fund gives you a greater choice than many other property schemes as it allows you to select a particular Property or Development which aligns with your investment objectives. There are a number of benefits of investing in the Fund including:

3.1. Investment Choice

The Fund offers you investment flexibility and choice as you can select which Property or Development to invest in. Therefore, you may be able to choose property across a number of sectors and select an investment based on your personal investment criteria, risk profile and circumstances and invest in property which meets your objectives.

3.2. Income or Capital Distributions

We expect distributions for our development Property and Development Sub-Funds to only be payable upon completion and sale of the applicable Property or Development. Where any Fund income is not attributable to a specific Sub-Fund, we will allocate that income to a Sub-Fund or Classes of Units for distribution to investors, each financial year.

The proposed distribution policy for a Sub-Fund will be disclosed in Part 2 for the Offer of those Units. Further information of how income and expenses will be allocated and distributed is contained in **Section** Error! Reference source not found.0 of Part 1.

Neither we or any of our associates guarantee the return of your capital or that you will get any or a particular return on your investment.

3.3. Fixed or Ongoing Investment Term

The investment will generally have a predetermined life, usually between three (3) to five (5) years.

3.4. Tangible Assets

Properties are held in individual Sub-Funds and can be clearly identified by us disclosing how we plan to develop and construct the asset(s) in the relevant Part 2 PDS. There is an alignment of interests between the investors in the Sub-Fund and the Development Manager to obtain the best possible outcome for the Property or Development.

3.5. Fund Assets held by Custodian

The independent Custodian operates the applications account and is the sole ordinary shareholder in the SPV that owns a particular asset held beneficially for those Investors in that particular Sub-Fund.

3.6. Expertise and Experience of the Board

You will benefit from the expertise and experience of our Board. **Section 8.2** of this RPDS Part 1 provides further details of our Board of Directors.

3.7. Asset valuation

Typically, property investments are subject to regular appraisal-based valuations. Like all investments, property assets can appreciate and depreciate in certain markets.

3.8. Gearing

Debt financing by way of the issue of Preference Shares by the SPV owing the asset(s) will typically be no more 45% of the Total Development Costs of the Sub-Fund Property or Development. These borrowings are typically Non-Recourse Loans on favourable terms, not subject to bank conditions which means there is no third party taking control of the assets to the detriment of the Investor in the Sub-Fund.

4. DEVELOPMENT INCOME FUND

4.1. Background

Historically, the typical Sub-Fund is an offer to Investors that seeks to raise a maximum subscription amount to buy, undertake and sell a particular property or development opportunity. The capital raised from Investors in the Sub-Fund has previously been an amount that covers all the costs of the whole development from settlement of the land through to completion and sale of that development.

This meant that all surplus funds held by the SPV after settlement of the land was held in a low interest bank account pending utilisation by the SPV for construction drawdowns over the life of the development which in some cases could be two to three years. This proved to be an inefficient use of Investor capital held by the Sub-Fund which impacted on the final return to Investors in the Sub-Fund undertaking the development.

To fill the void between the misalignment of Investor funds and Investor return expectations, we developed a product called the Development Income Fund (DIF), designed to operate on a LIFO (Last In First Out) basis. DIF effectively provides a lending facility to an SPV towards the end of its development (or each stage) to meet its last two or three construction drawdowns, with the repayment of funds to DIF made from the initial sales of the completed Property or Development, be it townhouses, vacant land, apartments etc.

It is our assertion that enabling the SPV to issue Preference Shares to the DIF towards the completion of a development will enhance returns to Investors in the Sub-Fund and provide greater flexibility to the SPV by accessing short term funding as and when required.

4.2. Structure

Each SPV requiring additional funding to complete a Property or Development issues redeemable Preference Shares to DIF for cash, which will continue to finance the Sub-Fund to complete the development. Details of the terms and quantum of Preference Shares issued to DIF are disclosed in the Part 2 PDS for the relevant Sub-Fund.

Under this structure, the Preference Share facility means that DIF does not have the same rights as an external lender, such as entering into possession of the property, appointing receivers, selling the asset or otherwise having control of the Sub-Fund Property or Development, the rights of which at all times remain with the Sub-Fund Unitholders and the Responsible Entity acting on their behalf.

Preference shares issued by the SPV to the Development Income Fund rank:

- Equally among themselves;
- Ahead of ordinary shares (and existing investors) in the SPV with respect to the payment of dividends;
- Ahead of ordinary shares (and existing investors) in the SPV with respect to a return of capital on winding up of the SPV.

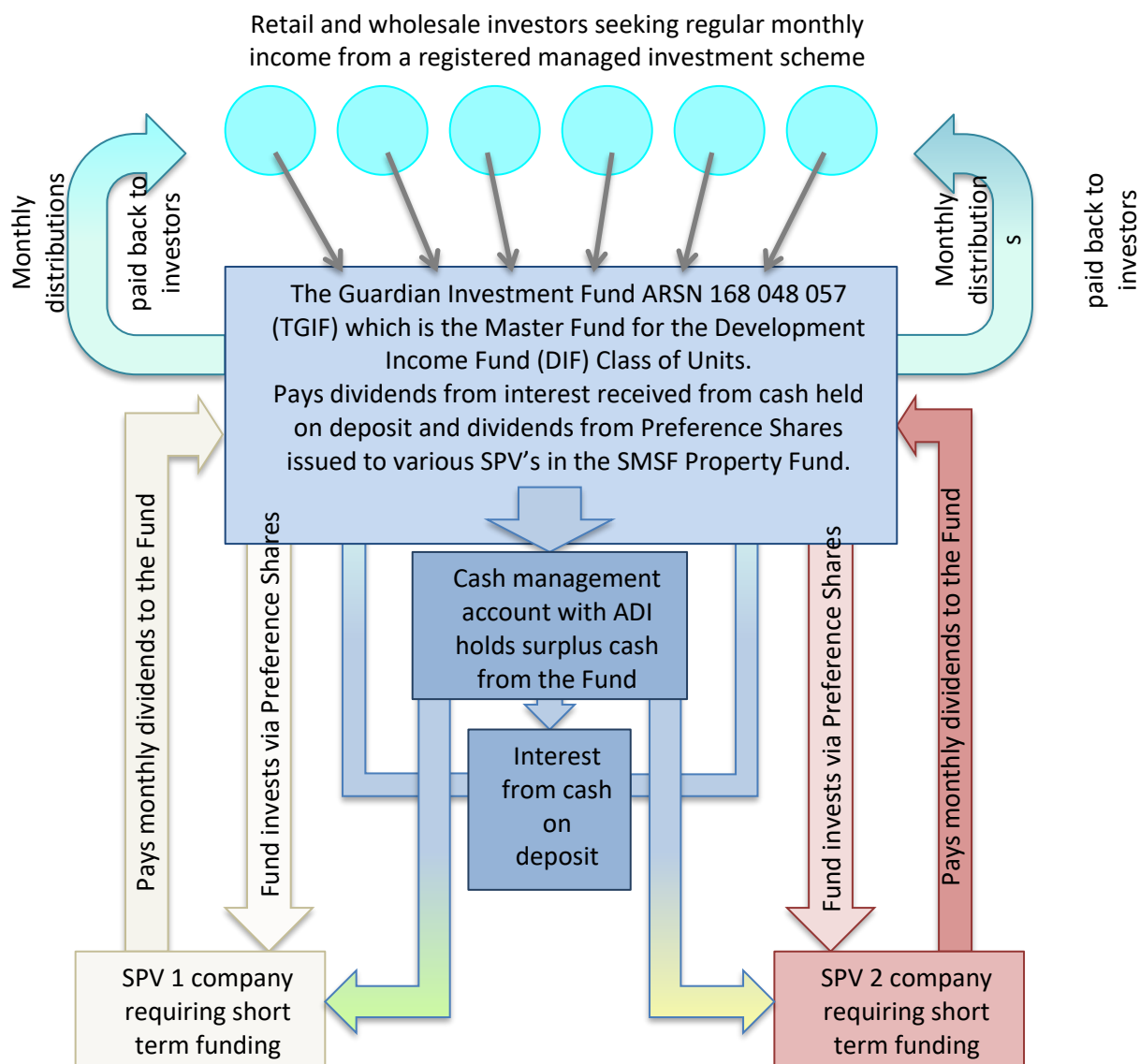
Because of these rights, Preference Shareholders have restricted voting rights in the SPV, which is controlled in its day-to-day operations by its directors, who are also directors of the Responsible Entity.

The shares will be redeemed at face value by the SPV at or prior to the Redemption Date, which is generally twelve (12) months after the date of issue of the Preference Shares by the SPV or upon sale of the completed lots in the Property or Development, whichever occurs earlier.

DIF is a sub-fund of The Guardian Investment Fund ARSN 168 048 057 (TGIF). Guardian is the Responsible Manager for the TGIF.

Guardian currently receives a Contribution Fee of 1.1% (incl. GST) of issued Interests in this sub-fund and a Management Fee of 1.1 % (incl. GST) per annum. These fees are paid from TGIF and the DIF Sub-Fund not by the SPV or the Fund.

4.3. DIF Flow Chart



5. SUMMARY OF ASIC BENCHMARK & DISCLOSURE PRINCIPLES

5.1. Legislative Background

To make an informed investment decision, ASIC *Regulatory Guide 46 Unlisted property schemes: Improving disclosure for retail investors (RG 46)* sets out six benchmarks and eight disclosure principles that unlisted property schemes, such as this Fund, must address to assist Investors in comparing risks and returns across investments in the unlisted property sector.

The benchmarks and disclosure principles, including how Guardian and the Fund measures against them as at the date of this RPDS are set out in this section. Where a benchmark or disclosure principle does not apply to Guardian or the Fund, a statement is made to that effect.

A full copy of RG46 can be obtained from ASIC at <http://download.asic.gov.au/media/1238156/rg46-published-28-march-2012.pdf>. We encourage you to discuss the ASIC benchmarks and disclosure principles with your financial advisor.

The information below provides an overview of the benchmarks and disclosure principles.

5.2. Benchmark Disclosure

This RPDS will detail whether or not the Fund meets each benchmark. If the benchmark is not met, then we explain why not and how the risk is dealt with in another way:

ASIC BENCHMARKS	COMPLIANCE (YES/NO)	IF NOT, WHY NOT?
Benchmark 1: Gearing Policy		
The responsible entity should maintain and comply with a written policy that governs the level of gearing at an individual credit facility level.	Yes	The Fund meets this benchmark. The Responsible Entity maintains a written gearing policy. When a Property or Development is geared details can be found in the Part 2 PDS.
Benchmark 2: Interest Cover Policy		
The responsible entity should maintain and comply with a written policy that governs the level of interest cover at an individual credit facility level.	Yes	The Fund meets this benchmark. Where financial accommodation is obtained in connection with a Property or Development, the interest cover ratio (if any) will be calculated for the Sub-Fund corresponding to that Development or Property, rather than for the Fund as a whole, and disclosed to investors in that Sub-Fund.
Benchmark 3: Interest Capitalisation		
The interest expense of the Fund is not capitalised.	No	The Fund <u>does not meet</u> this benchmark. We do not meet this benchmark as the Fund intends to offer investment opportunities in development Property.

		<p>Where we obtain financial accommodation to assist the purchase and development of a development Property, the interest will be capitalised as it is unlikely the Property will generate income during the development. The interest expense and loan principal will be repaid upon sale of the completed development.</p> <p>The total cost of a loan is generally higher when interest is capitalised, rather than paid regularly throughout the loan term, as the interest is added to the loan principal and future interest calculated on the increased principal amount.</p> <p>Therefore, capitalising interest may adversely impact the returns achieved on the sale of a development Property, particularly if the development takes longer to complete or sell than anticipated.</p>
Benchmark 4: Valuation Policy		
The responsible entity maintains and complies with a written valuation policy that conforms to ASIC's requirements at RG 46.45.	Yes	<p>The Fund meets this benchmark.</p> <p>The Responsible Entity maintains and complies with a written valuation policy that meets the specific requirements of RG46.45.</p> <p>See Section 5.4 'Valuation Policy' for more information.</p>
Benchmark 5: Related Party Transactions		
The responsible entity maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.	Yes	<p>The Fund meets this benchmark.</p> <p>The Responsible Entity maintains a Related Party Transaction Policy that provides a framework for the review of the terms of all related party transactions. The policy details their circumstances, terms and conditions as to when related party transactions will be appropriate for Guardian and the Fund and the supporting evidence required in relation to such transactions.</p> <p>Generally, the policy requires related party transactions to be in the best interest of investors and on arm's length terms. Related party transactions that are required are to be reviewed and approved by the Responsible Entity's Board of Directors.</p>
Benchmark 6: Distribution Practices		
The scheme will only pay distributions from its cash from operations (excluding borrowings) available for distribution.	Yes	<p>The Fund meets this benchmark.</p> <p>The Fund will only pay distributions from its cash from operations (excluding borrowings) available for distribution.</p>

5.3. Disclosure Principles

We are also required to disclose particular information about the Responsible Entity and the Fund, as outlined in the disclosure principles, as follows:

Disclosure Principles 1 - Gearing Ratio

The gearing ratio indicates the extent to which the Fund's assets are funded by interest bearing liabilities. It gives an indication of the potential risks the Fund faces in terms of its level of borrowings due to, for example, an increase in interest rates or a reduction in property values.

A higher gearing ratio means a higher reliance on external liabilities (to Fund assets). This would expose the Fund to increased costs if interest rates rise. A highly-gearred scheme has a lower asset buffer to rely upon in times of financial stress.

The Fund may utilise financial accommodation to assist financing the purchase of a Property and, for a development Property, the development costs.

We anticipate this will generally involve an SPV, being a company or unit trust wholly owned by the Fund (and, for a unit trust, of which we are the trustee), in which the Property will be held, obtaining a loan from the relevant lender.

Therefore, the SPV will be the borrower and not the Fund. All financial accommodation obtained will be of non-recourse to the Property (and any other assets of the SPV) for which the funding is obtained and have a maximum gearing ratio of 70% of the end value of these assets.

Details of any financial accommodation to be obtained in connection with a Property, and the corresponding gearing ratio for that Sub-Fund, will be disclosed in Part 2 PDS for that Sub-Fund. The gearing ratio for a Sub-Fund will also be disclosed in the regular reports provided to investors.

Disclosure Principle 2 - Interest Cover Ratio

Interest cover gives an indication of the Fund's ability to meet interest payments from earnings. Interest cover measures the ability of the Fund to service interest on debt from earnings. It is a critical indication of the Fund's financial health and key to analysing the sustainability and risks associated with the Fund's level of borrowing.

The lower the interest cover, the higher the risk that the Fund will not be able to meet its interest payments. A scheme with a low interest cover only

needs a small reduction in earnings (or a small increase in interest rates or other expenses) to be unable to meet its interest payments.

The Fund may, via an SPV, obtain financial accommodation to assist financing the purchase and, if applicable, development of a Property and such borrowings will be interest bearing debt. Where interest bearing debt is proposed to be obtained by an SPV, it will be on a limited recourse basis and any targeted interest cover ratio will be disclosed in Part 2 PDS relating to the Offer of Units in the Class corresponding to that Property.

However, for development property, we expect any borrowings obtained in connection with a Property will provide for interest to be capitalised, meaning interest is added to the loan principal and payable at the end of the loan term and not throughout the loan term, which will mean an interest cover ratio cannot be calculated. This is because the SPV will rely on proceeds from the sale of the completed development to meet interest payments and the SPV will not have other sources of earnings sufficient to cover interest.

The total cost of a loan is generally higher when interest is capitalised, rather than paid regularly throughout the loan term, as the interest is added to the loan principal and future interest calculated on the increased principal amount. Therefore, capitalising interest may adversely impact the returns achieved on the sale of a development Property, particularly if the development takes longer to complete or sell than anticipated. The capitalisation of interest is common to development finance due to the nature of property development.

We will monitor the interest cover ratio (if applicable) for each loan obtained in connection with a Sub-Fund, in light of the earnings or income generated by the applicable Property, with a view to ensuring the interest cover ratio remains above the targeted rate for that Sub-Fund.

Where interest bearing debt is obtained in connection with a Property, the interest cover ratio will be calculated for that Sub-Fund, rather than for the Fund as a whole, and disclosed to investors in that Sub-Fund.

Disclosure Principle 3 - Fund Borrowings

Financial accommodation may be obtained to assist in purchasing and, for a development Property, developing the Property and details of any borrowings will be disclosed in Part 2 relating to the Offer of Units in the Class corresponding to a particular Property. Any such borrowings will be secured by a non-recourse loan over the relevant Property and the SPV and therefore a financier will not have recourse against the assets of any other Sub-Fund or the Fund.

If we obtain borrowings in connection with a Property, we will seek to enter into an interest only loan (with either a fixed or variable rate or a combination, as we determine) with a maximum loan to value ratio of not more than 70% of the end value of the Property, for a term of twelve (12) months to three (3) years and where the applicable SPV is the borrower.

We may also borrow funds on behalf of the Fund to meet Fund expenses in the event there is a shortfall in Fund income. These borrowings, if any, would likely be by way of a credit or overdraft facility and unsecured.

If the Fund obtains borrowings, including via an SPV, we will disclose to you, at least six (6) monthly or more frequently if required by the Corporations Act, the following details for the borrowings relating to your Sub-Fund and the Fund generally (if any):

Item	Disclosure required
Borrowings maturing in five years or less	The aggregate amount owing and the maturity profile in increments of no more than 12 months.
Borrowings which mature in more than five years	The aggregate amount owing.
Credit facilities	The aggregate undrawn amount, the assets to which the facility relates, the loan-to-valuation ratio and interest cover covenants under the terms of the facility, the interest rate and

	whether the facility is hedged.
Credit facilities	The amount (expressed as a percentage) by which either the operating cash flow or the value of the asset or assets used as security for the facility must fall before the SPV will breach any covenants in any credit facility.
Credit facilities	Details of any terms within the facility that may be invoked as a result of investors exercising their rights under the Constitution.

Where borrowings are to mature within twelve (12) months, we will, where possible, provide comments on the prospects of refinancing or other alternative action. Where borrowings contain loan covenants and the covenants are breached, this information will also be disclosed to you.

Where borrowings are secured by limited recourse security over the Property and SPV of a particular Sub-Fund, this information will be determined for that Sub-Fund and disclosed to investors in that Sub-Fund.

You must appreciate that where the Fund or SPV utilises borrowings, lenders are entitled to recover money owing to them prior to you receiving the return of moneys you invest in the Fund or a particular Sub-Fund.

The Constitution permits us to borrow on behalf of the Fund, though the Constitution limits borrowings to 70% of the value of the Fund's gross assets (excluding intangibles).

Disclosure Principle 4 - Portfolio Diversification

ASIC requires a RPDS to disclose the composition of real property owned by a scheme, including a breakdown of property across geographic location and sector by number and value, lease expiry profile, occupancy rates, valuation details for significant property and other information.

However, we consider it would be misleading and inappropriate to include this information for the Fund, given investors will have a beneficial interest in particular Property or Properties corresponding to their Sub-Fund and not in the Fund's property as a whole.

Diversification is important as, generally, the more diversified a portfolio is, the lower the risk that an adverse event affecting one property will put the overall portfolio at risk. Over time, it is likely the Fund will, through SPVs, own a number of properties.

The Fund is structured so that each Property is allocated to a specific Sub-Fund (and some Classes of Units may relate to only one Property and other Classes of Units may have a number of Properties allocated to them, with the Property changing from time to time as Property corresponding to that Sub-Fund are bought and sold) and investors in that Sub-Fund have a beneficial interest in that Property but not in the property of any other Sub-Fund.

Therefore, lack of diversification is a key risk of investing in the Fund. However, we believe the advantage of this structure is that you can choose which Property or Properties you invest in or do not invest in, rather than having a proportional interest in all property owned by the Fund, some of which you may not believe are a suitable investment for you.

The regular updates on the key investor information provided to you will include (where appropriate) an update on the progress of the development or the performance of an investment Property and details of any recent valuation.

For development Property, those updates will include a description of the status of the development against the key milestones identified in Part 2 or as otherwise disclosed to investors, a summary of the funding arrangements for the development (if any), the total amounts of pre-sale and lease pre-commitments (where applicable), whether the loan to-valuation ratio for the development Property exceeds 70% of the 'as is' valuation of the asset, and the risks associated with the development.

Disclosure Principle 5 - Related Party Transactions

Property Acquisitions, Property Development and Management

Properties acquired for the Fund, in which investors will be offered an opportunity to invest, may include Property owned by us or our related parties, though we expect this will be unlikely to occur.

Further, property managers, development managers, builders and other service providers engaged to undertake a development, manage a Property or provide administrative services to an SPV may include our related parties.

All property, including those to be acquired from us or our related parties, will be subject to independent valuation undertaken by a valuer with no pecuniary interest or other conflict in the Property, the seller of the Property or us.

In the event that a Property is acquired from us or a party related to us, then the Property value must be equal to or less than the market value assessed by the valuer.

In accordance with the Constitution, the fees payable to a related party property manager, development manager or other service provider who is a related party must be at the rate normally charged for the provision of the service.

If a Property will be purchased by us from a related party or a related party will be engaged as a property manager, development manager or other service provider in connection with a Property or SPV, full details of the relationship will be disclosed in Part 2 of the Offer of Units corresponding to that Property, including:

- (a) the value of the Property and the purchase price to be paid, or the fees to be paid to the related party;
- (b) the nature of the relationship between us and the related party;
- (c) whether investor approval for the transaction will be obtained or whether investor approval is not required, for example, as the transaction is on arm's length terms;
- (d) any particular risks associated with the related party arrangement; and
- (e) whether we have complied with our related party policy for the particular arrangement and how compliance is monitored.

We do not expect investor approval will be required for related party transactions as they will be on arm's length terms. For example, the purchase of any property from a related party will be for a purchase price equal or less than the market value of the property determined by the valuer.

Also, the terms on which any related party is engaged to provide services and the fees payable will be the same or more favourable for the Fund than dealings with an unrelated party.

Disclosure Principle 6 - Distributions

The Fund will only make distributions from cash from operations (excluding borrowings) available for distribution and not from unrealised gains or, with the exception of distributions of net proceeds from the sale of a Property, from capital.

Where accounting income for a particular Sub-Fund exceeds the taxable income for a financial year, we may distribute this excess, which will be treated as a capital, and not income, distribution from an investor's taxation perspective.

For a Sub-Fund which invests in an investment Property, we anticipate distributions will be paid quarterly, subject to sufficient net income being realised in connection with that Sub-Fund.

For Classes of Units which invest in development Property, it is not expected distributions will be paid to those Classes of Units during the construction phase of the development as no income will be generated.

Any other Fund income allocated to a Sub-Fund or other net income of that Sub-Fund will be distributed at the end of the financial year to investors in that Sub-Fund.

We expect distributions to be paid for a Sub-Fund upon the sale of the applicable Property, subject to the Fund having sufficient income. The intended timing of distributions for a Sub-Fund will be disclosed in Part 2 for the Offer of Units in that Class.

Any distribution received by you will primarily represent your proportional interest in the net income earned from the Property or Properties associated with your Sub-Fund. We or any parties

associated with us do not guarantee the payment, or amount, of any distributions.

Disclosure Principle 7 - Withdrawal Arrangements

For Classes of Units with an ongoing term, you will only be able to have your Units redeemed where we make a withdrawal offer for that Sub-Fund. We do not represent or guarantee the frequency with which any withdrawal offers will be made or, if a withdrawal offer is made, you will be able to redeem all, or a particular number, of your Units.

Withdrawal offers may be made for one or some Classes of Units and not others. We will only make a withdrawal offer for a Sub-Fund where we are able, and believe it appropriate, to make a capital return to investors in that Sub-Fund, for example as a result of the disposal of a Property corresponding to that Sub-Fund.

Any withdrawal offer must be made in accordance with the Corporations Act and Constitution which requires:

- (a) notice to be given to all investors in that Sub-Fund;
- (b) the offer to specify which assets be used to satisfy the withdrawal request and the amount of money expected to be available to satisfy withdrawal requests upon realisation of the Property; and
- (c) the period for which the offer will remain open (which must be at least 21 days).

If the number of redemption requests received exceeds the amount of money available to satisfy withdrawal requests, the Corporations Act requires each investor's request to be scaled back pro rata. We may cancel a withdrawal offer before it closes where permitted by the Corporations Act and Constitution.

Under the Constitution, we must satisfy the withdrawal requests which we accept within twenty-one (21) days of the withdrawal date that is stated in the withdrawal offer.

For Classes of Units with a fixed term, you will have no right to have those Units redeemed or repurchased.

However, for each Sub-Fund with a defined investment term, immediately prior to the expiration of that term, any Property and other assets of that Sub-Fund will be sold, and the net proceeds distributed to you proportionately in conjunction with other investors in that Sub-Fund.

Where applicable, the investment term for a Sub-Fund will be disclosed in Part 2 relating to the Sub-Fund Offer.

Disclosure Principle 8 – Net Tangible Assets

We will disclose the net tangible asset (NTA) value per Unit for each Sub-Fund in Part 2 of the Offer of Units in that Sub-Fund as well as an updated NTA value per Unit.

The NTA value per Unit will be calculated on a Sub-Fund, rather than the Fund basis as you will have a beneficial interest in the Property or Properties and any other assets corresponding to your Sub-Fund but not in the Fund assets as a whole.

The NTA value per Unit illustrates the net tangible asset backing of each Unit in the applicable Sub-Fund and will enable you to easily identify whether the value of your Units has increased or decreased since the issue of Units in that Class.

If the NTA value per Unit is less than the initial issue price, it may indicate that you will incur a capital loss on your investment.

5.4. Valuation Policy

Guardian has, and complies with, a documented Valuation Policy. Investors can obtain a copy of this policy free of charge upon request by contacting us on +61 7 5562 0888 or info@guardiansecurities.com.au.

GUARDIAN POLICY

Our policy is to obtain an independent valuation of each Property prior to agreeing to purchase the Property. Obtaining a valuation at the time of purchase minimises the risk of paying above market value for the Property. Rather than commissioning a valuation, we may accept the assignment of an existing independent valuation to us, provided that valuation meets our requirements.

In some instances, the purchase price of the Property may be higher than the valuation. In these situations, we will outline, in our Part 2 PDS, why there is a difference and why we support the purchase even though the purchase price is higher than the valuation.

We will also obtain valuations of each property where required by the Constitution or accounting standards which are generally at least every two (2) years or within two (2) months of the Board forming the view that there has been a material change in the value of the Property.

APPROVED VALUERS

Valuations must be undertaken by approved independent valuers who are either chosen from our panel or otherwise meet our standards for panel valuers. All valuers we instruct must adhere to our valuation guidelines.

Valuers utilised must be a member of the Australian Property Institute or similar body, authorised under the law of the State or Territory where the Property is located to practice as a valuer (where possible), be experienced in valuing the relevant type of property, have a knowledge of the local property industry and hold appropriate professional indemnity insurance. We are responsible for appointing valuers and may remove any valuer from our panel who ceases to meet our guidelines.

VALUATION REQUIREMENTS

In valuing a Property, we generally require the valuer to:

- (a) value the property on an 'as is' basis and, for development property only, on an 'as if complete' basis assuming completion of the development, and on the assumption that there is a buyer and seller who are both willing, but not anxious;
- (b) assume that a reasonable period is allowed for a sale, having regard to the nature of the property and the state of the market for property of the same kind;
- (c) assume that the property is reasonably exposed to the market;
- (d) disregard the effect of any higher price that may be paid by a person with a special interest in the property; and
- (e) assume that reasonable resources are available for negotiation, sale and marketing of the property.
- (f) Valuers are required to confirm to us that they have no interest in the property being valued and are not related to the seller in any way.

At the time of the purchase, the valuation must not be more than ninety (90) days old unless the Board determines the valuation is reflective of current market value based on their knowledge of the market and evidence available to them. We ensure the same valuer does not undertake more than two (2) consecutive valuations of a property.

5.5. Unit pricing policy

We have implemented a Unit Pricing Policy which provides that investments will be valued at cost, unless we consider that the relevant Sub-Fund has changed in value. Thus, every Unit in a Sub-Fund will be valued at \$1.00 and every dollar invested will buy one (1) Unit.

Our Unit Pricing Policy for the Fund is available, free of charge, on request and can be obtained by contacting Guardian on info@guardiansecurities.com.au or phone + 61 7 5562 0888.

5.6. Labour standards and social, ethical and environmental considerations

Guardian does not take into account labour standards, environmental, social or ethical considerations when making investment decisions relating to the Fund.

5.7. Updated Key Investor Information

The information contained in this **Section 0** is current as at the date of this RPDS. However, some information can change from time to time. Where required, we will notify investors of material changes to key Updated Information.

Information that is not materially adverse may be updated and made available at www.guardiansecurities.com.au. We will also provide you with a regular update on key investor information.

The information contained in this RPDS is current as at the date of this RPDS. However, some information can change from time to time. Where required, we will notify investors of material changes to key Updated Information.

Where there is updated information, or a material change to the key investor information contained in this RPDS we may issue a supplementary PDS or new PDS. Information that is not materially adverse may be updated and made available at www.guardiansecurities.com.au. We will also provide you with continuous disclosure on key investor information.

6. Risks of Investing in the Fund

6.1. All investing involves risk

Generally, the higher the expected return, the higher the risk.

An investment in the Fund is subject to various risks and there are a number of risks which can impact on the performance of your investment, should they occur. The risks outlined in this section are not exhaustive, but Guardian considers them to be the key risks of investing in the Fund.

When you invest in a managed investment scheme, you should be aware that:

- (a) returns are not guaranteed – future returns may differ from past returns, and the level of returns may vary; and
- (b) the value of your investment may vary, and there may be the risk of loss of invested capital.

Investment risks can affect your financial circumstances in a number of ways, including:

- (a) your investment in the Fund may not keep pace with inflation, which would reduce the future purchasing power of your money;
- (b) the stated aims and objectives of the Fund may not be met the amount of any distribution you receive from the Fund may vary or be irregular, which could have an adverse impact if you depend on regular and consistent distributions to meet your financial commitments; and
- (c) your investment in the Fund may decrease in value, which means you may get back less than you invested.

Where applicable, information is included on how Guardian aims to manage these risks. However, risks cannot be avoided altogether, and some risks are completely outside the control of Guardian.

A potential investor should read and consider the entire RPDS (including the risks contained in this section and the relevant Part 2 PDS) and their attitude towards risk in general when considering an investment in the Fund.

6.2. Risks Specific to investing in Development Property

(a) Construction risks

There is a risk that the construction of a particular Development or Property will take longer or cost more than we budget, which could adversely affect the performance of an investment in that Sub-Fund.

(b) Approval risk

The development of a Property or construction of a Development will require various council approvals, such as planning approvals, operational works approvals and building approvals. There is no guarantee approvals will be obtained within a timely fashion or on the terms requested or expected.

Delays in obtaining the necessary approvals, or changes to a proposed development in order to obtain the necessary approvals, may adversely affect the proposed Development and consequently the performance of an investment in the Sub-Fund relating to that development.

(c) Development Risk

Over time, the Fund may enter into contracts for buildings that are under construction. As with all construction, there may be cost overruns and the cost to complete the construction may be more than forecast and additional capital or finance may need to be sourced. Further, completion of buildings under contract could be delayed due to the fault of the particular builder or contractor or other unforeseen events. If that occurs, then tenants may not begin paying rent when expected and this may impact distributions paid by the Fund.

The Fund may also be exposed directly or indirectly to development and construction risks as a result of future refurbishment or further development of properties. Development and construction can be subject to external influences over which Guardian has little or no control.

(d) Capital Expenditure Risk

Capital expenditure for Properties could exceed expectations. This could result in increased funding costs and could materially impact the net assets and/or profit available for distribution by the Fund. Guardian, in consultation with the Development Manager will work closely with consultants in an effort to ensure ongoing capital expenditure estimates are accurate.

(e) Preference shares having priority over interests of Investors in the SPV

Where an SPV for a Sub-Fund issues Preference Shares to the DIF to enable the SPV to complete a development after funds are expensed from the initial capital raising for that SPV, the holders of the Preference Shares rank:

- (i) equally among themselves;
- (ii) ahead of ordinary shares (and existing investors) in the SPV with respect to the payment of dividends; and
- (iii) ahead of ordinary shares (and existing investors) in the SPV with respect to a return of capital on winding up of the SPV.

Because of these rights, preference shareholders have restricted voting rights in the SPV which is controlled in its day to day operations by its directors, who are also directors of the Responsible Entity.

The Preference Shares will be redeemed at face value by the holder at or prior to the Redemption Date, which is generally twelve (12) months after the date of issue of the shares by the SPV or upon sale of the assets in that SPV, whichever occurs earlier.

In the event that the SPV is wound up for any reason the preference shareholders will be entitled to redeem their shares at face value and also receive any outstanding cumulative dividends payable by the SPV ahead of ordinary shareholders and Investors in that Sub-Fund.

In the case of a winding up of a SPV for any reason, returns to investors in that Sub-Fund may be substantially reduced after redemption of these Preference Shares and there is a risk of loss of some or all of investor capital in that SPV.

6.3. Risks of Investing in the Fund Generally

(a) Diversification Risk

You will have a proportional beneficial interest in the Property or the Development corresponding to the Sub-Fund which you hold, rather than a beneficial interest in all Property and assets owned by the Fund. Therefore, the performance of your investment will predominantly depend upon the performance of the particular Property or the Development in which you have an interest.

If you invest in a Development or a Property which costs more to develop or achieves a lower sales prices than we forecast, then you may not receive any income or capital returns and may suffer a loss on your investment.

(b) Valuation Risk

There is a risk that the valuation we obtain for a Property will not accurately reflect the true value of that Property at the time the valuation is undertaken. This may result in the Fund purchasing a Property for more than its market value or, for a development Property, the value of the Property upon completion of the development being less than anticipated.

Such circumstances may adversely affect the value of your investment in the Sub-Fund corresponding to that Property and may result in investors suffering a capital loss.

(c) Sale Risk

There is a risk that, upon completion of the development or at the time it is intended to sell the investment Property, the property will be unable to be sold at the sale price we anticipate, for example, due to changing market conditions and purchaser preferences.

If we are unable to achieve the sale price anticipated or a sale price higher than the original purchase price, it will adversely impact the performance of an investment in the Sub-Fund corresponding to that Property.

(d) Decline in Property Values

The value of a Property, and therefore the value of your Units in the Sub-Fund may decline during the term of your investment. Factors that may influence the value of the Property or the Development include:

- (i) an oversupply of similar types of property may result in a decline in the property's value, both in the short and long-term; and
- (ii) timing of the sale of the property – changing circumstances or changing market conditions may result in the sale price being lower than the cost of purchasing and, for development Property, developing the Property.

If we are unable to achieve the sale price anticipated or a sale price higher than the original purchase price, it will adversely impact the performance of an investment in the Sub-Fund corresponding to that Property or Development.

(e) Investment Term Risk

If you invest in a Sub-Fund with a defined investment term, upon expiration of that term the Property or Development and other assets of that Sub-Fund will be sold, and net proceeds distributed to you and other investors of that Sub-Fund, unless investors holding Units in that Sub-Fund resolve to extend the term.

The property market is cyclical and there is a risk that the property market may be in a downturn at the end of the term of your Sub-Fund resulting in each Property corresponding to that Sub-Fund being sold when market conditions are not conducive to selling.

This may result in realising a capital loss on your investment. If your Sub-Fund has an ongoing term, you will only be able to redeem your Units if:

- (i) you locate a buyer for your Units and exit your investment pursuant to a withdrawal offer,
- (ii) we determine to wind up your Sub-Fund,
- (iii) investors in your Sub-Fund resolve (by Extraordinary Resolution) to wind up your Sub-Fund, or
- (iv) the Fund is wound up.

There is no guarantee we will make withdrawal offers at any particular time or with any regularity or, if a withdrawal offer is made, you will be able to redeem all or a desired number of your Units.

Also, an Extraordinary Resolution is a high threshold to achieve as it requires Unitholders holding at least 50% of Units in a Sub-Fund (including those who are not present at the Unitholders' meeting, either in person or by proxy) to vote in favour of the resolution.

In summary, your investment will be illiquid, and you may not be able to exit your investment when you would like to.

(f) Liquidity Risk

An investment in the Fund should be treated as illiquid as there is no secondary market for Units.

If you wish to exit your investment prior to the end of the investment term, you will need to find a buyer for your Units. We are not obligated to source buyers for any investor's Units, however we will use our best endeavours to help investors to source purchasers for their Units.

(g) Fund Structure Risk

Each Property or Development is allocated to a Sub-Fund, and the Fund structure is intended to enable you to participate only in the benefits, returns and risks of the Property or Development corresponding to the Sub-Fund you hold. However, the Fund is a single entity and as such there remains a risk that your investment in a Sub-Fund may be impacted by other Sub-Funds and their corresponding property.

For example, where the Fund incurs general expenses, such as audit costs, which are allocated across various Sub-Funds and a Sub-Fund does not generate sufficient income to cover these expenses, it may impact the distributions able to be paid by the Fund on another Sub-Fund which has generated net income.

(h) Borrowing Risk

Borrowings may be obtained to assist funding the acquisition and, where applicable, development of a Property or Development. These borrowings will be obtained by the relevant SPV rather than the Fund. If we intend to obtain borrowings for an SPV in connection with any Property or Development this will be disclosed in the relevant Part 2 PDS.

Any borrowings will be specific to a Sub-Fund and secured by Non-Recourse Loans over the Property and any other assets of the SPV relating to that Sub-Fund and not over Fund or assets of other Sub-Funds.

When borrowings are obtained, the lender will have a right to be repaid monies lent and interest owed in priority to the payment of distributions and return of capital to investors.

Borrowing money in connection with the purchase and, if applicable, development of a Property may increase the potential for capital gains and losses. Fluctuations in interest rates may result in increased interest costs and a lower return to investors in the Sub-Fund corresponding to that Property.

Additionally, the term of any loan may be shorter than the period for which the Property will be held prior to sale, meaning the loan may need to be extended or refinanced to cover the remaining time until the Property is sold.

There is no guarantee financial accommodation will be able to be obtained on the same or more favourable terms or at all if required. If financial accommodation cannot be obtained or is on unfavourable terms, it may reduce any income or capital returns achieved by investors.

Further, if an SPV fails to meet its obligations under a loan, we may be prevented from paying distributions on that Sub-Fund. Also, in the event a Sub-Fund obtains borrowings offered by typical lending facility (i.e. non-recourse financial lending institution), the lender may enforce its rights as mortgagee and sell the secured Property to which the borrowings relate.

An exercise by the lender of its mortgagee rights will adversely affect the performance of an investment in the Sub-Fund corresponding to that Property and may result in investors in that Sub-Fund suffering a capital loss.

(i) Insurance Risk

If a Property is not properly insured or an event occurs which is not covered by insurance, it may impact the value of the Property or the returns achieved from the leasing or sale of the Property which will adversely affect the performance of an investment in that Sub-Fund.

(j) Compliance Risk

If we fail to comply with the Constitution, Compliance Plan, Corporations Act or the conditions of our AFSL, it may have an adverse impact on the value of your Units and the performance of your investment in the Fund. In particular, this may occur if ASIC acts to:

- (i) wind up the Fund; or
- (ii) remove us as the Responsible Entity.

(k) Related Party and Conflict Risk

The Fund may acquire Property from us or our related parties or we may engage related parties to undertake the development of a property or manage an investment property.

The presence of related parties and potential conflicts of interest may increase the risk that:

- (i) Property selected does not meet the Fund's objectives or does not generate the same development profit or income and capital returns as comparable Property offered for sale by unrelated entities in the same location;
- (ii) the development takes longer, is more expensive or is lower quality than would otherwise be the case if managed by an unrelated party; or
- (iii) for investment Property, the level of vacancies may be higher, and the lease terms negotiated less favourable than would be achieved if the Property was managed by an unrelated party.

(l) Taxation Risk

Australian tax laws are constantly in a state of flux with the introduction of various taxation amendments which may affect you.

Tax liability is your responsibility. We are not responsible for the taxation consequences of an investment in the Fund or in a particular Sub-Fund. You should consult your own taxation adviser to ascertain the tax implications of your investment.

See **Section 0** of this Part 1 for further information on tax issues relating to the Fund.

(m) Regulatory Risk

The value of some investments may be adversely affected by changes in government policies, regulations and laws, including tax laws and laws affecting registered managed investment schemes.

(n) Macro-economic Risk

The general state of the Australian and international economies as well as changes in monetary policies, interest rates, property market conditions and statutory requirements may affect the demand for, and the market value of, a property and may have a negative impact on the Fund's performance and the performance of the particular Property and corresponding Sub-Fund.

(o) Litigation Risk

While various approvals may be granted for a particular Property as proposed in the Part 2 PDS, there is no safeguard against common neighbour disputes that may challenge further approvals including issues such as easements, encroachment etc.

In addition, the SPV may become involved in unforeseen litigious action from parties where it has contractual rights and obligations, which could result in a material adverse effect on the development.

The level of risk that is acceptable to you will vary depending on a range of factors, including your age, investment timeframe, your risk tolerance and what other investments you hold. All investment products are generally subject to some or all of the risks described above. Your financial advisor can help you establish an appropriate risk profile in order to manage these risks.

Risks specific to a particular Sub-Fund or Offer will be detailed in Part 2 of the PDS.

7. Fees & 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 Fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period, (for example, reduce it from \$100,000 to \$80,000).

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

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

TO FIND OUT MORE

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

7.1. Fees and Other Costs

This table 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 Fund assets as a whole.

Taxation information is set out at **Section 0** of this Part 1 of the RPDS. Amounts shown are inclusive of GST.

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

(a) Fees when your Money moves in and out of the Fund

TYPE OF FEE OR COST	AMOUNT (INCL. GST)	HOW AND WHEN PAID
Establishment Fee The fee to open your investment	Nil	Not applicable
Contribution Fee The fee on each amount deducted from your investment	The Contribution Fee may be up to a maximum of 5.5%. Details are contained in Part 2 PDS for the relevant Sub-Fund.	This fee is paid to Guardian out of the application monies paid by you to the Fund at the time the Units for that Sub-Fund are issued. Refer to 'Contribution Fee' in the 'Additional explanation of fees and costs' section below for more details.
Withdrawal Fee The fee on each amount you take out of your investment	Nil	Not applicable
Termination Fee The fee to close your investment	Nil	Not applicable

(b) Management Costs – The Ongoing Fees and Costs for Managing your Investment¹²

TYPE OF FEE OR COST	AMOUNT (INCL. GST) ³	HOW AND WHEN PAID
Management Fee ⁴	<p>Guardian is entitled to receive a fee up to a maximum of 5.5% per annum of the Gross Asset Value of each Property or other assets of a Sub-Fund.</p> <p>The actual management fee for each Sub-Fund will be disclosed in the corresponding Part 2 PDS.</p>	<p>The management fee is calculated for each Sub-Fund and payable monthly in arrears.</p> <p>This fee is payable from the assets corresponding to the relevant Sub-Fund.</p> <p>Refer to 'Management Fee' in the 'Additional Explanation of Fees and Costs' section below for further details.</p>
Acquisition and Due Diligence Fee	<p>The Development Manager is entitled to receive a fee of up to 5.5% of the purchase price of the Property acquired for the relevant Sub-Fund.</p>	<p>The acquisition and due diligence fee is calculated on the higher of the purchase price or market value of the Property acquired for the relevant Sub-Fund.</p> <p>This fee is payable from the assets of the Sub-Fund to which the Property relates and is due seven (7) days after the Units are issued and following acquisition (settlement) of the Property.</p> <p>Refer to 'Acquisition and Due Diligence Fee' in the 'Additional Explanation of Fees and Costs' section below for further details.</p>
Development Manager's Fee	<p>The Development Manager is entitled to receive a fee of up to 7.7% on Total Development Costs.</p>	<p>The Development Manager's fee is due on receipt of approved invoices for development of the Property or Development.</p> <p>This fee is payable from the assets of the Sub-Fund to which the Property or Development relates.</p> <p>Refer to 'Development Manager's Fee' in the 'Additional Explanation of Fees and Costs' section below and Section 10.1 of the Part 1 RPDS for further details.</p>

¹ The fees shown in this table at 7.1(b) are the maximum that may be charged in the operation of the Fund.

² 2 These fees are stated based on the gross asset value of the Fund, to reflect the Constitution and the Development Management Agreement. The amount of these fees may be different if agreed with a wholesale client.

³ All fees set out in this section are inclusive of the net effect of GST and includes GST net of input tax credits any available reduced input tax credits. The Fund may not be entitled to claim reduced input tax credits in all instances.

⁴ The amounts shown are necessarily estimates only of management costs. Actual amounts will differ from this estimate.

<i>Other Expenses</i>		
Fund Operating Expenses⁵ The fees and costs associated with the operation and administration of the Fund which are to be reimbursed to the Responsible Entity, or paid directly to service providers including, but not limited to, costs associated with registry, tax, custodian, valuation, accounting, legal and audit.	Expected to be up to 0.5% per annum of the gross value of the Fund's assets.	Expenses are generally paid as incurred or reimbursed to Guardian as soon as practicable after the expense is incurred from Fund assets or the assets of the Sub-Fund to which the expense is allocated. Refer to 'Fund Operating Expenses', in the 'Additional Explanation of Fees and Costs' section below for further details.
<i>Service Fees</i>		
Investment Switching Fee The fee for changing investment options.	Nil	Not applicable

7.2. Example of Annual Fees & Costs

This table gives an example of how the fees and costs of the Fund can affect your investment over a one (1) year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – SMSF Property Fund	BALANCE OF \$50,000 WITH TOTAL CONTRIBUTIONS OF \$5,000 DURING THE YEAR	
Contribution Fees	5.5%	For every additional \$5,000 you put in you may be charged up to \$275. ¹
PLUS Management costs	5.5%	And , for every \$50,000 you have in the Fund, you may be charged up to \$2,750 each year. ²
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of up to \$3,025. What it costs you will depend on the fees you negotiate with the Fund or financial adviser.³

1. It is a requirement of the Corporations Regulations that the above example assumes a balance of \$50,000 and an additional contribution of \$5,000. In practice it will generally not be possible to acquire further Units in a Sub-Fund once Units have been issued unless we make an additional Offer of Units in that Sub-Fund.
2. The actual management fee for a specific Sub-Fund, up to 5.5% of the Gross Asset Value of a Sub-Fund, will be disclosed in Part 2 of the relevant Sub-Fund PDS. The management costs exclude any contribution fee which will be payable to us on the issue of Units, as the example assumes an existing investment balance of \$50,000.
3. This example does not include any additional fees that your financial adviser may charge you.

7.3. Additional Explanation of Fees & Costs

(a) Contribution fee

This fee is payable to Guardian for our efforts in raising funds from investors and is calculated and payable on each Sub-Fund offered and issued. The actual Contribution fee for the initial Offer of Units in a Sub-Fund, up to a maximum of 5.5% (incl. GST) of the Issue Price, is disclosed in the relevant Part 2 relating to that Offer.

For example, if the contribution fee for a Sub-Fund is 5.5% of the Issue Price and the Issue Price is \$50,000 per Unit, a Contribution fee of \$2,750 per Unit will be payable to us when Units for that Sub-Fund are issued. For the second and any subsequent Offer of Units in a Sub-Fund (if applicable), the actual Contribution fee for the Offer, up to a maximum of 5.5% of the application money is disclosed in Part 2 relating to that Offer.

We will deduct from the contribution fee all expenses incurred in connection with the promotion of the Fund, the offer of the applicable Sub-Fund and the raising of funds from investors.

(b) Management Fee

This is the fee payable to us for managing and operating the Fund in accordance with the Constitution of the Fund and is calculated separately for each Sub-Fund. The management fee payable monthly in arrears and is determined from the Gross Asset Value corresponding to that Sub-Fund.

The management fee may vary between Sub-Funds. The actual management fee for a Sub-Fund, up to a maximum of 5.5% (incl. GST) of the Gross Asset Value out of the assets for each Sub-Fund and as disclosed in the relevant Part 2 for the Offer of Units in that Class.

For example, if the Gross Asset Value of a Sub-Fund is \$1 million, the management fee at 5.5% would be \$55,000 for the year.

(c) Acquisition and Due Diligence Fee

The Development Manager is entitled to an acquisition fee of up to 5.5% (incl. GST) of the higher of the purchase price or market value of any property acquired for the Fund. This fee is payable upon settlement of the purchase of the property from the assets of the Sub-Fund corresponding to that Property.

For example, if a property was purchased for \$1 million and a valuation undertaken of the property assessed the market value as \$1.1 million, the Development Manager may be entitled to an acquisition fee of up to \$60,500.

This fee may be payable to the Development Manager (or any other non-related party) by the Sub-Fund for sourcing the Property and undertaking the necessary due diligence on the Property or Development to assess its suitability for acquisition by the Fund.

The Acquisition and Due Diligence Fee for a Sub-Fund will be disclosed in Part 2 for the Offer of Units in that Sub-Fund.

(d) Development Manager's Fee

The Development Manager charges a fee for development of the Property or Development on behalf of the Fund and for ongoing property or development and management services during construction.

The Development Manager receives development management fees of up to 7.7% incl. GST on Total Development Costs, payable by us upon receipt of approved invoices as described above at **Section 7.3(c)** and further detailed in **Section 10.1**.

For example, if the Total Development Costs for a Sub-Fund is \$2,500,000, the Development Manager would be paid \$192,500 over the life of the development.

The Development Manager's Fee for a Sub-Fund will be disclosed Part 2 PDS for that investment offer.

7.4. Fund Operating Expenses

We are entitled to be reimbursed for expenses and costs incurred in the proper management of the Fund and the SPV. These expenses include:

- (a) the fees payable to Service Providers under the service or custody agreement;
- (b) costs associated with the purchase of a property, such as stamp duty, legal fees, valuation fees and property due diligence expenses;
- (c) costs associated with the establishment and documentation of the relevant SPV for the Sub-Fund;
- (d) costs incurred in undertaking a development including planning and approval fees, council fees, construction costs, and town planner, architect and advisory fees;
- (e) costs incurred in managing a property, including leasing agent fees;
- (f) fees and costs of the audit of the Fund and the Compliance Plan;
- (g) costs and expenses incurred in connection with borrowing on behalf of the Fund; statutory charges including taxes, government fees and levies;
- (h) valuation or other experts' fees and costs incurred in relation to the Fund's activities, including costs incurred in preparing any legal documents;
- (i) public liability and other general property insurance;
- (j) dividends and engagement fees payable on Preference Shares issued to the DIF;
- (k) registry charges, accounting fees, legal fees, printing of annual reports, postage and handling, Compliance Committee costs, expert and consultant fees and the holding of investor meetings;
- (l) all other costs, disbursements and outgoings incurred in connection with the management and administration of the assets and performance of the duties and functions of the Responsible Entity under the Constitution; and
- (m) all costs and expenses we incur in relation to the establishment of the Fund, the preparation and registration of the Constitution and Compliance Plan, the preparation, due diligence, printing, promotion and distribution of this RPDS and any costs incurred in amending or replacing any of the above documents or any other aspect of the Fund.

Where an expense relates to a particular Property or other assets in a Sub-Fund, it will generally be paid from the income generated by the Property or assets or deducted from investor monies raised by the issue of Units in the Sub-Fund.

Expenses which relate to the Fund generally such as custodian fees and audit costs will be apportioned between some or all Classes of Units as we determine or paid from any residual Fund income which does not relate to a particular Sub-Fund.

7.5. Custodian Fees

The Custodian is engaged to provide custodial services to the Fund for which it will be paid fees and is entitled to be reimbursed for expenses and liabilities incurred in accordance with the terms of the Custody Agreement.

Custodial service fees and expenses are expenses of the Fund and payable from the Fund's assets. The Fund operating expenses estimated in the table above incorporates fees payable to the Custodian.

7.6. Adviser Fee

Subject to the requirements of the Corporations Act, if you authorise and direct us to, we may pay an adviser fee out of your application money to appropriately qualified financial advisers and agents who introduce investors to the Fund and whose details appear on the Application Form.

The amount of this fee (if any) is a negotiable fee of up to a maximum of 3.3% (incl. GST) of the application money for the initial Offer of Units in a Sub-Fund. This fee is negotiated by you with your nominated agent or financial adviser and you authorise us to pay that amount to your agent or financial adviser out of your application money upon the issue of Units for that Class. This fee is not paid by the Responsible Entity.

For example, where the Issue Price is \$50,000 per Unit the maximum adviser fee that you could pay to your nominated agent or financial adviser (if any) for each Unit acquired would be \$1,650 incl. GST.

Adviser remuneration will be deducted from your application money prior to your investment in the Fund.

This adviser remuneration may be deducted from your application money and in the case above, we would issue you with a Unit Certificate for \$48,350 (\$50,000-\$1,650) for Units in the Fund.

The relevant Part 2 PDS for each Sub-Fund will disclose further information about payments to financial advisers.

7.7. Commission

Where we, or our related parties, source a Property to be purchased by the Fund, the vendor of that Property may pay us or our related party a commission. Any commission payable will be paid by the vendor from their own Funds and will not be a cost to you or the Fund. The existence of any commission will be disclosed in Part 2 of the PDS relating to the Offer associated with that Property or Development.

7.8. Transfer Fees

Under the Constitution, we are entitled to be paid a Transfer Fee of up to 5.5% (incl. GST) of the Gross Asset Value of the Fund (other than as a result of a determination by ASIC or an Australian Court, or an acknowledgement by us, of gross negligence in the management of the Fund or a material fiduciary breach), calculated as at the date that the Responsible Entity facilitates the transfer of the Fund to another Responsible Entity (the New Responsible Entity).

For example, if the Fund's Gross Asset Value was \$10,000,000, we would be entitled to receive a transfer fee of \$550,000 if removed as responsible entity.

The management fee estimate in the table in section 4.2 above does not include any transfer fee.

7.9. Investor Administration

If Guardian is requested by a Unitholder to perform a role outside its normal administration function as contemplated by the Constitution and this RPDS, there may be a fee payable for such role. The fee will vary depending on the request by the Unitholder and will be disclosed to the Unitholder before any work is commenced.

7.10. Changes to Fees

We do not expect Management Costs (as disclosed above) to increase materially during the next twelve (12) months. If the management costs increase, we will provide Members with thirty (30) days' written notice before these costs are deducted.

7.11. Fee Waivers

We may waive, assign, defer or rebate any or all of our fees or our entitlement to reimbursement for expenses incurred.

7.12. Differential Fee Arrangements

We may negotiate different fee arrangements, such as fee rebates, waivers or reductions, for wholesale clients. Such differential fee arrangements will be by individual negotiation with us.

7.13. GST and Stamp Duty

All fees stated in this RPDS include (if applicable):

- (a) GST less any expected reduced input tax credits; and
- (b) stamp duty.

7.14. Transaction Costs

Transaction costs, such as government taxes, duties, levies, bank charges and account charges, associated with the acquisition of assets from Funds subscribed by investors are paid from the Fund.

7.15. Taxes

Distributions made by the Fund will generally be unfranked and details of the tax status of these distributions will be included in your yearly statement within three (3) months of financial year end.

For specific taxation information relating to the Fund, see **Section 0** of Part 1.

8. ABOUT GUARDIAN AS RESPONSIBLE ENTITY

8.1. Organisation of the Fund



ABN 47 106 187 731

AFSL 240506

board

Guy Hasenkam – Managing Director & RM

Chris Wilson - Independent Director & RM

Errol Jackson – Independent Director

responsible managers

Guy Hasenkam (existing)

Chris Wilson (existing)

compliance committee

Guy Hasenkam and 2 independent members



SMSF Property Fund

8.2. Responsible Entity - Guardian Securities Limited

Guardian Securities Limited (**Guardian**) is the Responsible Entity of the Fund and Issuer of this Part 1 RPDS. As Responsible Entity, Guardian is responsible for the day-to-day operation of the Fund in accordance with its AFSL, the Constitution, Compliance Plan and Corporations Act. The Directors and senior management of the Responsible Entity have considerable experience in the evaluation of development feasibility, Funds management, mortgage lending, finance, banking, property development and accounting.

8.3. Directors of the Responsible Entity

The Board of Guardian Securities Limited currently comprises a total of three Directors, Guy Hasenkam, Christopher Wilson & Errol Jackson. The Board sets the strategic direction of the Fund and has ultimate responsibility for the performance of the Fund. The Board seeks to create Investor value and ensure that Investors' investments in the Fund are prudently managed.

For more information about us please visit our website: www.guardiansecurities.com.au.

Guy Hasenkam – Managing Director

Guy has had many years' experience in banking, property syndication, equity raising, property development, funding, and company directorships. Guy was State Manager Property for Advance Bank (now St George) with a loan portfolio in excess of \$400M and 13 staff. He has had many years' experience in funding large scale property projects in south east Queensland.

Guy is a Fellow of both the Australian Institute of Company Directors and the Financial Services Institute of Australasia and holds a Diploma in Financial Advising. He is also a member of the Urban Development Institute of Australia and is a licenced real estate salesperson in Queensland.

Christopher Wilson - Director

Christopher has a Bachelor of Business (accounting & computing). He is an experienced financial management professional with in excess of twenty-five years' managerial and commercial experience in a wide range of disciplines. During his career Christopher has developed and implemented a number of managed investment schemes.

Christopher has been a director on multiple companies and has held position as general manager, compliance officer, finance director and financial controller, responsible manager for both AFS Licences and Credit Licences.

Errol Jackson - Director

Errol is a qualified accountant and has a Bachelor of Commerce (accounting major) and is a former member of the professional accounting bodies in Australia. He has been an accountant for more than 30 years commencing his professional career with a major international accounting firm as a senior manager assisting partners with significant exposure in the areas of corporate governance, taxation, restructuring, audit and risk management.

Errol has also held positions as finance manager and financial controller of a diverse range of industry segment, including property development and construction, transport logistics and manufacturing. He also has extensive knowledge of the operational structures and compliance regimes of managed investment schemes.

8.4. Duties of the Responsible Entity

Guardian is subject to a number of duties under the Corporations Act and the Constitution. For example, in exercising its powers and carrying out its duties, the Responsible Entity must:

- act honestly;

- exercise the degree of care and diligence that a reasonable person would exercise if they were in the Responsible Entity's position;
- act in the best interests of the Investors and, if there is a conflict between the Investors' interests and the Responsible Entity's own interests, give priority to the Investors' interests;
- treat Investors of the same class equally and Investors of different classes fairly;
- ensure that the Fund's assets are:
 - clearly identified as Fund assets; and
 - held separately from property of the Responsible Entity and the property of any other managed investments scheme;
 - held in the Custodian's name, as custodian on behalf of the Fund;
- receive all Fund monies and deposit these into a designated bank account held by the Custodian; and
- arrange annual audit of the Fund's financial accounts within ninety (90) days of financial year end.

8.5. Indemnity of the Responsible Entity

Subject to the Corporations Act, the Responsible Entity is entitled to be indemnified out of the Fund's assets for all debts, liabilities, damages, costs, taxes, charges, expenses and outgoings incurred by it in the proper performance of its functions and duties and exercising its powers under the Constitution or at law. However, this indemnity does not apply to debts, liabilities, damages, costs, taxes, charges, expenses or outgoings incurred or payable in respect of or as a result of the negligence, fraud, or breach of trust of or by the Responsible Entity.

8.6. Constitution

The Fund was established by Constitution dated 15 August 2012 which has been registered with ASIC and as amended from time to time.

The Constitution is the primary document governing the legal relationship between Guardian, as Responsible Entity, and investors and provides a framework for the operation of the Fund. As an Investor, you will be bound by the provisions of the Constitution. The Constitution, in conjunction with the Corporations Act, regulates the operation of the Fund and sets out the rights and obligations of investors and our responsibilities and duties as the Responsible Entity.

The Constitution includes provisions which relate to:

- (a) the Responsible Entity's powers, duties and obligations;
- (b) the rights and obligations of investors, including that each investor has a beneficial interest in the property and other assets corresponding to the Sub-Fund held rather than all Fund assets as a whole;
- (c) the ability of investors to remove the Responsible Entity;
- (d) the issue of Units and the prohibition on the redemption or repurchase of Units or, for Units which carry withdrawal rights, the procedures for the redemption of Units;
- (e) the term of Units;
- (f) the transfer and transmission of Units;
- (g) where a Sub-Fund has a fixed term, the requirements for the Property or Properties corresponding to that Sub-Fund to be realised and proceeds distributed upon expiration of the term;
- (h) the valuation of the Fund and each Sub-Fund;
- (i) fees payable to the Responsible Entity;

- (j) the Responsible Entity's right to be indemnified by the Fund for expenses, losses and liabilities arising in its capacity as Responsible Entity providing it has properly performed its duties;
- (k) the winding up of the Fund or a Sub-Fund;
- (l) meetings of investors;
- (m) complaints and procedures in relation to the Fund; and
- (n) the Responsible Entity's limitation of liability (subject to the Corporations Act).

We may amend the Constitution without investor consent where we reasonably believe the amendment will not adversely affect investors' rights.

Otherwise, the Constitution can only be amended by Special Resolution where at least 75% of votes cast by investors (at a meeting convened in accordance with the Constitution and the Corporations Act) vote in favour of the amendment.

A copy of the Constitution may be obtained by searching ASIC records or by contacting us by phone on +61 7 5562 0888 or email at info@guardiansecurities.com.au.

8.7. Compliance Plan

Guardian, as Responsible Entity, has prepared a Compliance Plan which has been lodged with ASIC. The Compliance Plan is a document that outlines the principles and procedures in relation to the conduct of the Fund that we follow to ensure we comply in all respects with our Australian Financial Services Licence (AFSL 240506), with the provisions of the Corporations Act, ASIC policies and the Constitution.

The Compliance Plan deals with a wide range of issues including, but not limited to, the following:

- (a) The establishment of the Compliance Committee;
- (b) The appointment of an auditor for the Fund;
- (c) The appointment of an auditor of the Compliance Plan;
- (d) Having a documented dispute resolution process in place, including being a member of an external dispute resolution service approved by ASIC;
- (e) The Responsible Entity is required to maintain adequate records and systems including in relation to the acceptance of applications, income distribution, accounting, record keeping, monitoring external service providers and risk management.

Each year, adherence to the Compliance Plan is audited by an external Compliance Plan auditor and the audit report is lodged with ASIC.

The Compliance Plan is available for inspection at the offices of Guardian Securities Limited. Alternatively, a copy of the Compliance Plan can be made available to you, free of charge, upon request by contacting us by phone on +61 7 5562 0888 or email at info@guardiansecurities.com.au.

8.8. Compliance Committee

In accordance with the Corporations Act, we have appointed a Compliance Committee, which consists of two external committee members being independent of the Board and one internal member. The Compliance Committee is responsible for monitoring our compliance program to ensure we adhere to the Compliance Plan.

The functions of the Compliance Committee include:

- (a) assessing the adequacy of the compliance plan and recommending any changes; and
- (b) monitoring compliance with the Compliance Plan and report the findings to Guardian.

8.9. Custodian

Although we manage all assets of the Fund, we have appointed Australian Executor Trustees Limited ABN 84 007 869 794 (**AETL** or the **Custodian**) as the independent external custodian to hold the assets of the Fund as directed, as our agent pursuant to a Custody Agreement.

AETL is one of Australia's largest and oldest statutory trustee companies. It has a wealth of experience in acting as either trustee or custodian. AETL is a subsidiary of Australian Wealth Management Limited, who in turn is part of IOOF Holdings Ltd, a leading provider of wealth management products and services in Australia which is listed on the Australian Securities Exchange.

The Custodian's role is to beneficially hold the direct assets of the Fund, in this instance, investor application monies and the ordinary shares in any particular SPV and to act on our directions in the holding, purchase and sale of Fund assets.

The Custodian has no supervisory role in relation to the operation of the Fund, does not manage the Fund and has no liability or responsibility to any investor for any act or omission made in accordance with the Custody Agreement. The Custodian has no interest in the Fund, other than the remuneration it is entitled to receive under the Custody Agreement, which is paid from the general expenses of the Fund.

The duties of the Custodian pursuant to the Custody Agreement include:

- (a) holding assets of the Fund as our agent in our capacity as Responsible Entity of the Fund;
- (b) acting on the specific instructions given by us or our authorised representatives; and
- (c) ensuring that the Custodian acts, insofar as its duties are concerned, in accordance with the Corporations Act.

Under the Custody Agreement, Guardian as Responsible Entity, indemnifies the Custodian in relation to its properly performed services as custodian of the Fund.

Important Privacy Information

Australian Executor Trustees Limited ABN 84 007 869 794 (AET) may collect your personal information for primarily purpose of providing custodial services to the Responsible Entity and for ancillary purposes detailed in the Privacy Policy.

AET may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the Responsible Entity, professional advisers, the land titles office and/or as otherwise instructed by the Responsible Entity.

AET is also permitted to collect and disclose your personal information when required or authorised to do so by law. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Privacy Policy at www.aetlimited.com.au/privacy.

8.10. Compliance Audits

External audits of the accounts of Guardian, the Fund's accounts and the Compliance Plan, are performed annually. PKF Chartered Accountants & Business Advisors Gold Coast (PKF) has been appointed as Auditors of Guardian Securities Limited and as at the date of this RPDS, PKF are the auditors of the Fund and the Compliance Plan.

PKF are required to audit the annual financial report of the Responsible Entity, the Fund and the Compliance Plan:

- (a) on an annual basis; and
- (b) on winding-up of the Fund.

These financial accounts are lodged with ASIC within ninety (90) days of financial year end.

8.11. Net Tangible Assets

Guardian is required under its AFSL to hold minimum net tangible assets (**NTA**) being the greater of:

- (a) \$150,000;
- (b) 0.5% of the average value of scheme property (capped at \$5 million); or
- (c) 10% of the average Responsible Entities revenue (uncapped),

The NTA of Guardian is disclosed in our Annual Reports and our level of net tangible assets is monitored on a monthly basis.

8.12. Insurance

Guardian must maintain adequate professional indemnity compensation arrangements at all times in accordance with our AFSL. To meet these requirements, we have in place a primary comprehensive insurance policy for \$5,000,000 which covers professional indemnity, directors' and officers' liability and crime.

8.13. Conflict of Interest

Where there is a conflict of interest for a member of the Board or senior management or the potential for a perception of a conflict of interest, the Director or manager concerned will not participate in the investment decision.

9. TAXATION

Investing in a registered managed investment scheme is likely to have tax consequences.

We are of the view that the Fund as a whole, will not be taxed as a company pursuant to the provisions of Division 6C of the Income Tax Assessment Act (Cth) 1936 provided the Fund limits the nature of its transactions to those outlined in this RPDS.

However, this is compared with the individual Sub-Funds that you invest in, whereby Unitholders will be taxed upon their proportional share of the net income of the Fund derived through the Sub-Fund into which their investments are allocated in the same manner as an unfranked dividend received by a company.

The Report from our Tax Agent PKF in this **Section 0** is based on the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997* and *A New Tax System (Goods and Services Tax) Act 1999* as at the date of this RPDS.

This report summarises some of the Australian taxation issues you may wish to consider before making an investment in the Fund and assumes that you hold your investment in the Fund on capital account and are not considered to be carrying on a business of investing, trading in investments, or investing for the purpose of profit making by sale.

The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ.

Investing in a registered managed investment scheme is likely to have tax consequences. However, it is noted that taxation laws can change at any time, which may have adverse taxation consequences for Unitholders concerned. It is recommended that Unitholders seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund as taxation treatments may differ according to individual circumstances and may change from time to time.



Chartered Accountants
& Business Advisers

15 June 2018

The Directors
Guardian Securities Limited
PO Box 170
Robina QLD 4226

Dear Sirs,

Taxation Report – SMSF Property Fund ARSN 159 753 474

Introduction

In accordance with your instructions, we have prepared this Taxation Report (Report) for inclusion in a Product Disclosure Statement ("PDS") to be dated on or about 15 June 2018 and issued by Guardian Securities Limited as responsible entity for the SMSF Property Fund ("Fund").

Scope of Report

1. This Report provides a summary of the:

- Income tax
- Capital gains tax ("CGT"); and
- Goods and services tax ("GST").

Consequences for the Fund and for potential investors ("Investors") associated with investing in the Fund.

In this respect, the Report provides a summary of the general taxation consequences, under Australian Tax Law, for residents of Australia who acquire their units on capital account. The summary does not cover:

- a. Investors who acquire their units on revenue account or in the course of carrying on a business
- b. Individuals not resident in Australia for income tax purposes.

2. This Report is provided for:

- The benefit of Guardian Securities Limited only
- Is only general in nature

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PKF (Gold Coast) Pty Ltd is a member firm of the PKF International Limited family of legally independent firms. PKF (Gold Coast) Pty Ltd does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

- Does not take into account any of the specific circumstances of each investor.

Investors should seek their own independent taxation advice before investing in the Fund. The taxation consequences for a particular investor, due to their specific circumstances, may differ from the content contained in this Report.

- This Report is based upon Australian tax law and administrative practices in effect as at the date of the PDS. Australian tax laws are complex and are subject to constant change. This Report does not take into account or anticipate any changes in the tax law or future judicial interpretations of the law after this time, nor does it take into account the tax law of countries other than Australia. Investors should be aware that the ultimate interpretation of the taxation law rests with the Court and that the law, and the way Commissioner of Taxation administers the taxation law may change at any time, and subsequent to the issuance of this Report.
- In this Report all references to:
 - ITAA 1936** is a reference to the *Income Tax Assessment Act 1936* (Cth)
 - ITAA 1997** is a reference to the *Income Tax Assessment Act 1997* (Cth)
 - The GST Act** is a reference to the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)
 - SIS Act** is a reference to the *Superannuation Industry (Supervision) Act 1993*

Background

- Following is a summary of our understanding of the Fund arrangements upon which the Report is based:
 - The Fund is an unlisted property managed investment scheme structured as a unit trust
 - The proposed structure of the Fund is to:
 - Offer Investors the opportunity to invest in particular developments or investment properties held directly or indirectly by the Fund
 - Issue a Class of unit that corresponds to a particular property
 - The Fund is to be structured to provide Investors with an entitlement to a proportionate share in the income generated by the property corresponding to their Class of units only, rather than the Fund's properties as a whole, after payment of expenses associated with those Class Assets and a contribution to general Fund expenses
 - Classes of units will either be issued with a fixed term and no withdrawal rights or have no defined term and carry withdrawal rights. Prior to the expiry of a class of units with a fixed term, properties corresponding to that class must be sold and net proceeds distributed to investors.

Units in a class with an ongoing term will continue for the duration of the relevant fund, unless otherwise terminated by an extraordinary resolution of members of that class.
 - Distributions will be paid to investors as follows:
 - At the end of the investment term after the completion of the development and payment of all development expenses for development properties
 - Quarterly in arrears from available net income generated by investment properties.

Taxation Implications for the Fund

Taxation of Trusts

6. The Fund is structured such that each class of unit represents a separate sub-fund. Each sub-fund is a separate entity for the purpose of applying Division 6 ITAA 1936 which deals with the taxation of trusts and beneficiaries of trusts.
7. A sub-fund of the Fund will generally be treated as a “flow through” vehicle for Australian taxation purposes. This means that the trust will not pay tax provided all of the income of the sub-fund is fully distributed to investors each income year.
8. An exception to point 7 above exists where a sub-fund of the Fund is a public unit trust and also carries on a trading business, including property development, either directly or indirectly through a controlled entity. In these circumstances the sub-fund will likely be a public trading trust under Division 6C of ITAA 36 and taxed as a corporate entity.

Fund Tax Position – Property Development Sub-fund, that is a Public Trading Trust

9. The purpose of Division 6C is to equate the sub-fund with a company for tax purposes. This means that the units, unitholders and unit trust distributions are for tax purposes in effect equated to shares, shareholders and dividends paid by a company.
10. Division 6C seeks to do this by modifying the application of various tax rules that are applicable to companies to achieve this outcome. Broadly the tax position of the sub-fund as a consequence of Division 6C applying is as follows:
 - a. The sub-fund will calculate its taxable income or loss based on the ordinary tax rules
 - b. If the sub-fund has taxable income it will have a tax liability at the company tax rate. This liability will need to be funded and paid by the sub-fund.
 - c. Any tax paid by the sub-fund will generate franking credits
 - d. Distributions paid by the sub-fund are referred to as “unit trust dividends” and are able to be franked in the same manner as dividends received from a company. A unit trust dividend is taxed to a unitholder in the same manner as a dividend is taxed to a shareholder
 - e. Any unit trust dividends that relate to untaxed amounts in the sub-fund are taxed to the unitholder in the same manner as an unfranked dividend received from a company. This means that no part of the unit trust dividend will be tax-free as a “tax preferred” amount
 - f. The 50% CGT discount can still apply to the sub-fund but when the amount related to the discount is distributed to unitholders it will be taxable income of the unitholder and the benefit of the discount is lost. Practically however, due to the nature of the activities of the sub-fund we do not think there should be any taxable capital gains arising on the basis that the property has been acquired for a profit making purpose.
 - g. Notwithstanding that a sub-fund is being taxed as a company the trust loss rules in Schedule 2F ITAA 1936 are still applicable. Relevantly, this means that there is no “same business test” equivalent that is available in the trust loss rules. To utilise any losses it will be necessary that continuity of more than 50% of the same unitholders will need to be satisfied.
 - h. Any redemption of the units or refund of sub-fund capital will need to consider the relevant tax measures at the time of that transaction.

Trading Stock Rules

11. Each development property will be held via a wholly owned trust or company of the sub-fund for a profit making purpose. This means that the profit ultimately derived will be taxed as ordinary income of that wholly owned trust or company.
12. Further the trading stock rules apply in respect of anything that is produced, manufactured or acquired that is held for the purposes of manufacture, sale or exchange in the ordinary course of a business. Accordingly, the trading stock rules apply to a property development that constitutes a business.
13. Based on the nature of the activities to be undertaken, the sub-fund will be acquiring the property in the course of a business, therefore the property would be trading stock of the sub-fund. Broadly the impact of being trading stock for tax purposes is as follows:
 - a) The land and all development costs will be ordinary income tax deductions
 - b) To the extent that the trading stock (land) is on hand at the end of the income year then the costs incurred are added back and in effect form the closing stock cost balance
 - c) The trading stock cost is ultimately deductible in the year in which the item of trading stock is sold. This means that the deduction will crystallise when the asset is sold.
 - d) The property holding costs such as rates, land tax and interest on borrowings are deductible outright and do not form part of the trading stock cost. To the extent that these costs generate a tax loss then the loss is able to be offset against future taxable income of the Fund subject to the trust loss rules being satisfied.

CGT

14. On the basis that the property will be trading stock of the Fund, any capital gain or capital loss that would otherwise arise will be disregarded under section 118-25 ITAA 1997.

Fund Tax Position – Property Investment Sub-fund

15. A property investment sub-fund will generally be treated as a “flow through” vehicle for Australian taxation purposes. This means that the sub-fund will not pay tax provided all of the income of the sub-fund is fully distributed to investors each income year.
16. Investors who are entitled to the income of a sub-fund in any income year (and who are not under a legal disability) will generally be assessable on their share of the net income in accordance with Division 6 of Part III of ITAA 1936.
17. If a sub-fund sells a capital asset that has been held for at least 12 months or is in receipt of a capital gain from its related special purpose vehicle in respect of an asset held for at least 12 months, any capital gain arising will ordinarily be reduced by 50% for the purpose of calculating the net capital gain of the sub-fund. The discounted capital gain component of the distribution should be grossed up by the discount for the purpose of calculating the investor's net capital gain.

Taxation Implications for the Investor

Australian Resident Investor in a Property Development Sub-fund, that is a Public Trading Trust

18. Due to the operation of Division 6C ITAA 1936, a property development sub-fund that is a public trading trust is taxed as a company. Therefore, any sub-fund income distributed to an investor will be unit trust dividends. The unit trust dividend can be franked to the extent permitted under the ITAA 1997.
19. An investor will include in its assessable income the amount of the unit trust dividend received and any franking credits and will be able to offset the amount of any franking credits against tax payable. The unit trust dividend is paid by the sub-fund. The franking credits received by a company investor can be included in its franking account balance.
20. The unit trust dividend will be taxable to an investor in the year in which the dividend is paid or credited to the investor by the sub-fund.
21. Where an investor has borrowed funds to acquire units, the investor should be able to deduct the interest incurred on borrowings to the extent it relates to the acquisition of the units for the purpose of deriving assessable income. An Australian complying superannuation fund will generally be restricted from borrowing funds to acquire assets and should not incur interest costs in respect of the investment made.
22. An investor will be subject to CGT where it disposes of its units. If the units have been held for more than 12 months an individual investor will be able to apply the 50% CGT discount in calculating the amount of the taxable capital gain. A company investor is not eligible to claim the 50% CGT discount.

Australian Resident Investors in a Property Investment Sub-fund

23. An investor will include in assessable income its share of the net income of the sub-fund. Any distributions received in excess of its share of net income are likely to be "tax deferred" income or a return of capital. The tax deferred income arises predominantly from the availability of non-cash deductions under Divisions 40 and 43 of ITAA 1997.
24. An investor will be subject to CGT where it disposes of its units or is in receipt of a share of a capital gain from the sub-fund. Where the capital gain relates to an asset held for more than 12 months, an individual investor will be able to apply the 50% CGT discount in calculating the amount of the taxable capital gain. A company investor is not eligible to claim the 50% CGT discount.
25. Any tax deferred amounts received will reduce the cost base of units and impact the amount of taxable capital gain.
26. Where an investor has borrowed funds to acquire units, the investor should be able to deduct the interest incurred on the borrowings to the extent it relates to the acquisitions of the units for the purpose of deriving assessable income. An Australian complying superannuation fund will generally be restricted from borrowing funds to acquire assets.

Australian Complying Superannuation Funds

- 27. Australian complying superannuation funds are generally subject to tax at the rate of 15% on their taxable income which will include any unit trust dividend received.
- 28. To the extent that the unit trust dividend is franked and there are excess franking credits then the complying superannuation fund should be entitled to a refund of those excess franking credits.
- 29. An investor will be subject to CGT where they dispose of their units in the sub-fund. If the units have been held for more than 12 months, a complying superannuation fund Investor should be able to apply the 33 1/3% discount in calculating the amount of the taxable capital gain (an effective rate of 10%).
- 30. The amount of capital gain will be calculated as the difference between the cost base that the Investor has for the units and the capital proceeds received for the disposal of units.
- 31. Unless specific requirements are met an Australian complying superannuation fund will generally be restricted from borrowing funds to acquire assets and will not incur interest costs.
- 32. Should an Australian complying superannuation fund acquire more than 50% of the units in the sub-fund there are additional restrictions under the SIS Act that may apply.

Australian Resident Trusts

- 33. An Australian resident trust Investor in receipt of a sub-fund dividend can distribute that income from the relevant sub-fund through to its beneficiaries, subject to the terms of the trust deed.
- 34. As a general rule, for income tax purposes trusts are treated as flow through vehicles which means that the character, for tax purposes, of the income and capital gains distributed by the sub-fund to the trust Investor is maintained when distributed through to the beneficiaries of the trust.

Non-resident Investors

- 35. To the extent that a sub-fund dividend is paid to a non-resident unitholder then withholding tax at a rate applicable to dividends will apply and the sub-fund will be obligated to withhold an amount from the unit trust dividend. The dividend withholding tax rate is generally 15% for countries with whom Australia has a double tax agreement.
- 36. However, no withholding tax will generally be applicable to the extent that the unit trust dividend is fully franked.
- 37. A non-resident investor holding a portfolio interest in a sub-fund (i.e. less than 10%) will not be subject to CGT on the disposal of its units, held in the sub-fund on capital account. Capital gains received by a non-resident investor which represent taxable Australian property, will not be excluded from CGT.

Tax File Number ("TFN") and Australian Business Number ("ABN")

- 38. It is not compulsory for Investors to quote their TFN or ABN. If an Investor makes an investment in a sub-fund, in the course of carrying on a business of enterprise they may quote an ABN instead of a TFN.
- 39. If an Investor fails to quote an ABN or TFN or claim an exemption, the sub-fund may be obliged to withhold tax at the top marginal rate (including Medicare levy) on gross payments (including distributions of income) to them.



Chartered Accountants
& Business Advisers

Goods and Services Tax ("GST")

40. The issue and redemption of units and the receipt of distributions will not be subject to GST. However, GST is payable on fees paid by the sub-fund, including management and performance fees paid.
41. Generally, funds cannot claim full input tax credits for GST incurred but may be entitled to reduced input tax credits for any GST paid in respect of certain expenses.

Foreign Accounts Tax compliance Act ("FATCA") and Common Reporting Standards ("CRS")

42. FATCA was enacted by the United States government to identify US taxpayers using offshore accounts. The Australian government signed an inter-governmental agreement with the US in 2014 to facilitate Australia's compliance with FATCA.
43. Under FATCA, the sub-fund is required to collect information about the residence status of Investors, including whether an Investor is a US citizen or a resident for US tax purposes and other relevant information to determine an Investor's reporting status under the FATCA and CRS rules. If an Investor identifies themselves as a foreign resident for tax purposes, their account information may be required to be reported to the Australian Taxation Office.

Yours faithfully,

Scott McMurtrie
Director

10. ADDITIONAL INFORMATION

10.1. Service Providers

(a) Development Manager - SMSF Property Australia Pty Ltd

SMSF Property Australia Pty Ltd ACN 159 744 386 (**SMSFPA** or the **Development Manager**) has been appointed as the Development Manager for the Fund. Their role will be to provide the following services to the Responsible Entity:

- (i) identify sites suitable for acquisition by the Sub-Fund;
- (ii) attend to all necessary approvals and consents on the Property or Developments to be acquired by the Fund or a particular Sub-Fund;
- (iii) undertake the necessary due diligence on the Property or Developments including review and (if required) lodgement of Development Approvals (DA) and Building Approvals (BA) on the Property with the local authority;
- (iv) provide a development cash flow and feasibility for prior approval by Guardian;
- (v) enter into conditional contracts of sale to acquire Property for the Fund subject to certain conditions including raising sufficient Funds to complete the acquisition;
- (vi) ensure that sufficient Funds are retained in a Sub-Fund to allow for all acquisition and construction costs of the Property including a contingency for variations or cost overruns;
- (vii) attend to all necessary terms and conditions of the contract of sale prior to settlement of the Property or Developments to undertake the development;
- (viii) engage suitably qualified builders and consultants to construct the Property in a proper and workmanlike manner through to practical completion;
- (ix) keep financial records for a Property and each Sub-Fund;
- (x) assist the Responsible Entity with any reasonable requests to ensure satisfactory completion of the Development on time and budget;
- (xi) if requested, provide for an investor inspection of a Property subject to prior appointment;
- (xii) provide the Responsible Entity and you with regular updates on the progress of the construction of the Property or Properties for each Sub-Fund;
- (xiii) arrange for practical completion of the Property generally in line with the feasibility and timelines provided to the Responsible Entity;
- (xiv) on practical completion, arrange for registration of the strata plan for the Property and any other approvals necessary to sell the Property on best available terms; and
- (xv) if required, assist with sales and leasing of the Property on completion.

As part of this arrangement, a Development Management Agreement is entered into between the relevant SPV and SMSFPA at, or prior to, the issuance of Units in the relevant Sub-Fund for SMSFPA to acquire, develop, construct or renovate the Property which is owned by the SPV.

Under this Agreement, SMSFPA will be paid a development management fee of up to 7.7% (inc. GST) of the Total Development Costs for the services as disclosed in **Section 7.3(d)**. This fee is payable by Guardian, on behalf of the SPV, from the assets of the Sub-Fund, upon receipt of approved invoices and include reimbursement for costs and expenses incurred by them in acquiring the initial acquisition of Property prior to Sub-Fund establishment.

More details of the cost for these services and other costs associated with a Property or Development in a Sub-Fund will be set out in the relevant Part 2 PDS.

The Development Manager Agreement can be terminated by the SPV at any time and another Development Manager can be appointed by us or the SPV. The Development Management Agreement continues unless and until it is lawfully terminated in accordance with the provision of the agreement, which include where:

- (a) a party breaches a term of the agreement and the default involves either a rectifiable breach which is not rectified within 14 days of receipt by the other party of written notice of default, or a breach which is not rectifiable; or
- (b) a party gives the other party one (1) months' notice of its intention to terminate.

Either party may terminate the Development Manager Agreement if the other party breaches a material term and does not remedy the breach. These protections provide Guardian with control of the SPV and the Development Manager in relation to the Property and the Development on behalf of the Sub-Fund Unitholders.

Details of the personnel and experience of the Development Manager are set out in the relevant Part 2 PDS.

(b) Authorised Representative - SMSF Property Capital Pty Ltd

The Responsible Entity has entered into an Authorised Representative Agreement with SMSF Property Capital Pty Ltd ACN 147 162 294 (**SMSFPC**) for SMSFPC to act as an Authorised Representative of Guardian to assist with the raising of funds from Investors. The role of the Authorised Representative will be to liaise with financial planners and other third parties to promote the Fund and/or a Sub-Fund to potential Investors.

The Authorised Representative must:

- (i) provide the Services to the Responsible Entity in accordance with:
 - (A) all applicable laws and industry best practice; and
 - (B) all reasonable efforts to ensure that it provides sufficient suitably qualified, experienced and competent personnel for the performance of the Services;
- (ii) provide the Responsible Entity with all information reasonably requested by us to enable us to evaluate the Authorised Representative's performance of the Services;
- (iii) notify the Responsible Entity immediately of any complaint the Authorised Representative receives in relation to the Services;
- (iv) attend and satisfactorily complete all educational, training and development courses and seminars in order to meet the requirements under ASIC RG 146;
- (v) not do anything that would cause us to be in breach of our obligations as a Responsible Entity or Trustee for a Fund under the Corporations Act or breach its obligations as a holder of an Australian Financial Services Licence under the Corporations Act.

You may agree with your financial planner and/or the Authorised Representative to pay an initial advice fee in relation to this investment. Where it has been agreed, you may authorise us to deduct the agreed fee between you and/or the adviser or Authorised Representative a fee of up to 3.3% (incl. GST) of the amount invested by you in a Sub-Fund, as disclosed at **Section 7.6**.

This fee will be deducted from your investment and paid by the Responsible Entity to your nominated adviser and/or Authorised Representative on or before Units are issued in a Sub-Fund.

The relevant information must be noted on your Application Form when you make your initial investment. Payment of this fee to your adviser will reduce the number of Units issued to you in the Sub-Fund in which you invest.

10.2. Interests Requiring Disclosure

Guy Hasenkam, Managing Director of Guardian has a beneficial interest in Guardian Securities Limited and will benefit from any fees derived by it. These fees are payable by the Fund from the fees disclosed in **Section 0** and are not separately recoverable.

10.3. Nature of Investment

The Fund is a unit trust established by the Constitution. When you invest in the Fund you acquire Units that, at the time of acquisition under this RPDS, are priced at \$1 each. Your investment in the Fund entitles you to share in the income generated by your particular Sub-Fund.

10.4. Continuous Disclosure

The Fund is a disclosing entity for the purposes of *section 111AC(1)* of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require Guardian to:

- (a) prepare and lodge with ASIC both annual and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) make available to Investors upon request a copy of those annual and half-yearly reports and any continuous disclosure notices given by the Responsible Entity after lodgement of the report and before the date of this RPDS.

Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. You will have the right to obtain various financial reports lodged with ASIC for the Fund.

We will satisfy our continuous disclosure obligations for the Fund by publishing material information on our website at www.guardiansecurities.com.au. Any material information affecting the Fund will be placed on our website.

10.5. Investors' Liability

The Constitution seeks to limit the liability of investors to the amount of their investment plus other moneys payable to us or the Fund pursuant to the Constitution (if any). However, because this is a matter which can only ultimately be determined by the courts, no assurance or guarantee is given that investors' liability will be limited in this manner.

10.6. Privacy Statement

Guardian has a Board approved privacy policy which details the manner in which Guardian collects and manages personal information in accordance with its policy, the Privacy Act 1988 (Cth) and the Australian Privacy Principles. The privacy of your personal information is important to us.

The purpose of collecting your information on the Application Form is to process your application and manage your investment in the Fund.

If you use a financial adviser who recommended you invest in the Fund, details of your investment will be provided to your financial adviser. All personal information collected will be collected, used and stored by us in accordance with our privacy policy, a copy of which is available on request.

From time to time, we may wish to advise you about other services and products which could suit your needs. By making an application, you agree that we may disclose your personal information to other corporations specifically, but not solely, for marketing purposes.

However, if you do not want this information to be used for this purpose, you must exercise your right to instruct us not to disclose any details concerning your personal information. You may do this by ticking the 'non-disclosure' box on the Application Form.

If you tick the 'non-disclosure' box we may still be required to disclose personal information where required by law. You are entitled to request reasonable access to your personal information. We reserve the right to charge an administration fee for collating the information requested.

For a copy of our privacy policy, please visit our website at www.guardiansecurities.com.au.

10.7. Foreign Account Tax Compliance Act and Common Reporting Standard

The Fund is required to collect and report financial account information about US tax residents or certain entities that have US controlling persons to the Australian Taxation Office (**ATO**). This information may be forwarded by the ATO onto the US Internal Revenue Service.

The Fund is also required to separately collect and report financial account information for all non-resident investors and certain entities with non-resident controlling persons under the Common Reporting Standard (**CRS**) to the ATO. CRS applies from 1 July 2017. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

To assist us in complying with these obligations, we may request certain information from you.

10.8. Anti-Money Laundering and Counter- Terrorism Financing

In making the offer contained in this RPDS and in operating the Fund, Guardian is required to comply with the Anti-Money Laundering and Counter-Terrorism Financing (**AML/CTF**) legislation. This means that Guardian will require investors to provide personal information and documentation in relation to their identity when they invest in the Fund.

Guardian may need to obtain additional information and documentation from an investor to process their application or subsequent transactions or at other times during their investment.

Guardian needs to identify an investor (including all investor types noted on the application form), an investor's legal representative or anyone acting on the investor's behalf (including under a power of attorney), prior to the issue or transfer of units in the Fund. Guardian cannot issue units until all relevant information has been received and an investor's identity has been satisfactorily verified, and in these circumstances Guardian will not be liable for any resulting loss.

In some circumstances, Guardian may need to re-verify this information.

Guardian may be required to disclose this information to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) or other government bodies. Guardian may be prohibited from informing you of such disclosure.

By applying to invest in the Fund, investors also acknowledge that Guardian may decide to delay or refuse any request or transaction, including by suspending the issue, transfer or withdrawal of units in the Fund, if it is concerned that the request or transaction may breach any obligation of, or cause Guardian to commit or participate in an offence under AML/CTF legislation. Guardian will incur no liability to any investor if it does so.

10.9. Correspondence

All correspondence will only be addressed to the person and address stated on the Application Form. For joint applicants, please specify the applicant and relevant postal address you would like all correspondence to be mailed to.

10.10. Complaints Handling

The Constitution sets out the procedure by which Guardian is to receive, consider, investigate and respond to complaints by Investors who are dissatisfied with the management or administration of the Fund.

If investors wish to make a complaint, Guardian can be contacted via:

Email: info@guardiansecurities.com.au

Phone: +61 7 5562 0888

In writing: The Compliance Officer
Guardian Securities Limited
Level 4 / Suite 45
58 Riverwalk Avenue
ROBINA QLD 4226
AUSTRALIA

Guardian will acknowledge any complaint in writing immediately. Guardian will within forty-five (45) days investigate, properly consider and decide what action (if any) to take or offer regarding the complaint and communicate its decision to the investor.

Guardian may, at its discretion, give any of the following remedies to a complainant:

- (a) information and explanation regarding the circumstances giving rise to the complaint;
- (b) an apology;
- (c) compensation for loss incurred by the investor as a direct result of the breach (if any); and/or
- (d) other such remedies as Guardian considers appropriate.

If the investor is dissatisfied with the decision made by Guardian, the investor may refer the complaint to the Australian Financial Complaints Authority (AFCA), an external complaints resolution scheme of which Guardian is a member, at the address set out below:

Australian Financial Complaints Authority
GPO Box 3
Melbourne, VIC 3001

Alternatively, further information is available by contacting AFCA on:

Phone: 1800 931 678

Website: www.afca.org.au

Email: info@afc.org.au

10.11. Consents

(a) PKF Chartered Accountants & Business Advisers

PKF Chartered Accountants & Business Advisers (**PKF**) has given its written consent to being named in the RPDS as auditor for the Fund in the form and context in which it is named and has not withdrawn its consent prior to the issue of this RPDS.

PKF does not make any statement, actual or implied, in this RPDS, nor is a statement in this RPDS based on a statement made by PKF. PKF has not authorised or caused the issue of any part of this RPDS and take no responsibility for any part of this RPDS.

(b) Australian Executor Trustees Limited (AETL)

AETL has not withdrawn its consent to be named in this RPDS as Custodian of the Fund in the form and context in which it is named. AETL does not make, or purport to make, any statement that is included in this RPDS and there is no statement in this RPDS which is based on any statement by AETL.

To the maximum extent permitted by law, AETL expressly disclaims and takes no responsibility for any part of this RPDS other than the references to its name. AETL does not guarantee the repayment of capital or any particular rate of capital or income return.

(c) AETP Law

AETP Law Pty Ltd has given its written consent to being named in this Part 1 RPDS as legal advisor to the Fund in the form and context in which it is named and has not withdrawn that consent prior to the issue of this Part 1 RPDS.

AETP Law Pty Ltd has not authorised or caused the issue of any part of this Part 1 RPDS and takes no responsibility for any part of this Part 1 RPDS.

10.12. Directors' Authorisation

Each Director of Guardian has given and has not, at the date of this RPDS, withdrawn their written consent to the issue of this RPDS.

This RPDS is issued by Guardian Securities Limited ACN 106 187 731. The Directors have consented to, and authorised, the issue of this Replacement Product Disclosure Statement. Its issue was authorised by a resolution of the Directors.

The Directors of Guardian have not become aware of any circumstances which have or will materially affect Guardian's trading and profitability or the value of its assets and liabilities.

The Directors believe that Guardian is in a position to meet its statutory and commercial commitments as they fall due. The maintenance of Net Tangible Assets levels, as required by the Act, is part of Guardian's financial management, which remains under constant compliance monitoring.

Signed on behalf of the Directors, all of whom have consented (and have not withdrawn their consent) to the issue of this PDS.

Dated this 23rd day of July 2018.

11. GLOSSARY

AFSL	means an Australian financial services licence issued by ASIC.
Applicant	means a person or entity that has completed an application form.
Application Form	means the online application form referred to in Part 2.
Application Monies	means monies submitted by Investors under the Offer in cleared Funds.
ASIC	means Australian Securities and Investments Commission.
Authorised Representative	means SMSF Property Capital Pty Ltd ACN 147 162 294 and as appointed by the Responsible Entity from time to time.
Board	means the board of Directors of the Responsible Entity.
Compliance Committee	means the committee established in accordance with the Corporations Act, as described in Section 8.8 of Part 1.
Compliance Plan	means the compliance plan for the Fund.
Constitution	means the constitution for the Fund.
Corporations Act	means the Corporations Act 2001 (Cth).
Custodian	means Australian Executor Trustees Limited ABN 84 007 869 794.
Custody Agreement	means the agreement between us and Custodian referred to in Section 8.9 of Part 1.
Development	means the particular Property development allocated to a Sub-Fund in which investors will have the opportunity to invest, and comprises the acquisition of the development Property, attainment of necessary approvals and construction and sale of the development.
Development Income Fund	means the managed investment scheme established to provide SPV's with short term funding and Non-Recourse Loan facilities.
Development Manager	means SMSF Property Australia Pty Ltd ACN 159 744 386 and as appointed by the Responsible Entity from time to time.
Directors	means the directors of the responsible entity, from time to time.
Fund	means SMSF Property Fund ARSN 159 753 474.
Gross Asset Value	means the value of all assets of the Fund excluding any debt incurred in connection with the assets.
GST	means the goods and services tax as imposed by the term <i>A New Tax System (Goods and Services Tax) Act 1999</i> and amended from time to time.
Guardian	means Guardian Securities Limited ACN 106 187 731 its successor and assignee.
Issue Price	means the issue price of the applicable Unit less any Contribution fee payable to us.
Net Development Profit	means the total development profit based on receipt of net sale proceeds (after GST and selling costs) received from the development less Total Development Costs as determined by us.
Non-Recourse Loan	means where a lender only has recourse to the asset over which the security is taken but cannot seek further compensation from the borrower in the event of a loss following the sale of the asset.
Offer	means the offer of Units made in this RPDS, specific details of which are contained in Part 2.
Part 1	means Part 1 of this RPDS, containing general information about the Fund.

Part 2	means the relevant Part 2 PDS relating to this RPDS which contains specific details of the Offer, the Property and the Sub-Fund.
Preference Share	means a preference share issued by a SPV to a third party in order to obtain short term funding for a Development.
Property	is a reference to a property or properties of a particular Sub-Fund.
Product Disclosure Statement	means the original Fund Product Disclosure Statement lodged with ASIC and dated 11 September 2016.
Redemption Date	shall be the date of expiration of the Preference Share as disclosed in the Part 2 PDS for a particular Sub-Fund or otherwise as agreed in writing between the Fund and the SPV.
Responsible Entity	means Guardian Securities Limited ACN 106 187 731.
RPDS	means this Replacement Product Disclosure Statement comprising Part 1 and Part 2.
SPV	means a unit trust or company, wholly owned by the Fund and, for unit trusts, of which we are its trustee, established to purchase and hold a Property or Properties and any other assets of a Sub-Fund and, where applicable, which will be the borrower of any financial accommodation obtained to assist in the purchase and, where applicable, development of that Property.
Sub-Fund	means one of many similar schemes coming under the same umbrella type for direct property investment schemes in which individual Unitholders have their interests recorded against the Sub-Fund property in proportion to their monetary contribution in the Sub-Fund.
Total Development Costs	means the total of all costs associated in the acquisition of the Property and all associated construction costs of the Development, including, but not limited to, the purchase price of the Property, acquisition costs, civil works for the development, council fees, and marketing expenses associated with the sale of the development.
Unit	means a subdivision of the beneficial ownership of the assets in a Sub-Fund.
Unitholder	means an investor in a Sub-Fund.
Updated Information	is explained in Section 5.7 of Part 1.
us, our and we	means Guardian Securities Limited ACN 106 187 731.
you and your	means a person who subscribes for and is issued a Unit in the Fund.

12. CORPORATE DIRECTORY

Responsible Entity and Issuer Guardian Securities Limited ACN 106 187 731 AFSL: 240506	Custodian of the Fund Australian Executor Trustees Limited The Bond Level 3 30 Hickson Road Millers Point NSW 2000
Registered Office: Suite 45 58 Riverwalk Avenue ROBINA QLD 4226 Contact Details Phone: 07 5562 0888 Email: info@guardiansecurities.com.au Website: www.guardiansecurities.com.au	Auditor of the Fund PKF (Gold Coast) Level 5 9 Beach Road SURFERS PARADISE QLD 4217 Contact Details Phone: 07 5553 1000 Website: https://pkf.com.au/locations/gold-coast/
Development Manager SMSFPropertyAustraliaPtyLtd ACN 159 744 386 Contact Details Level 1, 800 Kingsford Smith Drive, Eagle Farm Qld 4009 Phone: 1300 SMSFGO (767 346) Email: support@smsf.me Website: www.smsfproperty.net.au	Authorised Representative SMSF Property Capital Pty Ltd ACN 147 162 294 Contact Details Level 1, 800 Kingsford Smith Drive, Eagle Farm Qld 4009 Phone: 1300 SMSFGO (767 346) Email: support@smsf.me Website: www.smsfproperty.net.au