

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

Responsible Entity and Issuer:

 Vasco Investment Managers Limited
 (ACN 138 715 009, AFSL 344486)

Investment Manager:

 AusFunds Investment Management Pty Ltd
 (ACN 622 998 243)

Important information

This Supplementary Product Disclosure Statement is dated 25 January 2019 (**SPDS**) and relates to the offer of units in the NSW-EPP-001 Property Class (**NSW-EPP-001 Property Units**) in the AusFunds Fractional Property Investment Platform ARSN 623 862 662 (**Platform** or **Fund**). The NSW-EPP-001 Property Class will invest in 12 newly completed apartments in 17-25 Epping Road, Epping NSW 2121 (**Property**).

This SPDS is issued by Vasco Investment Managers Limited ACN 138 715 009 AFSL 344486 (**Vasco** or **RE**), in its capacity as responsible entity of the Platform. In this document, the description 'we', 'us' or 'our' refers to Vasco.

This SPDS should be read in conjunction with the Product Disclosure Statement dated 26 February 2018 (**PDS**). The information in the PDS continues in full force and effect except to the extent that information is varied in relation to the proposed NSW-EPP-001 Property Class described in this SPDS. Defined terms in the PDS have the same meaning in this SPDS unless noted otherwise.

An investment in the NSW-EPP-001 Property Class offered under this SPDS is not guaranteed by the RE, the Investment Manager or any of their directors, employees, advisors, agents or associates. This means that the performance of the NSW-EPP-001 Property Class, any return of capital or any particular rate of return on your investment is not guaranteed and to the maximum extent permitted by law, they deny any liability for any loss or damage suffered by any person investing on the Platform. An investment in the Platform does not represent a deposit with or a liability of the RE or the Investment Manager.

You should consider this when assessing the suitability of the investment, and particular aspects of risk, including the risk of loss of income and capital invested or delays in repayment. The significant risks associated with investing in the Platform are summarised in section 8 of the PDS.

This document contains important information but does not take into account your investment objectives, financial situation or particular needs. Before making any decision based upon information contained in this document, you should read it carefully in its entirety and consult with a financial adviser or tax adviser.

This SPDS has been prepared to comply with the requirements of the laws of Australia. The distribution of this SPDS in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this SPDS should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This SPDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

The assets depicted in photographs in this SPDS are not assets of the Platform unless otherwise stated.

This SPDS is available in electronic format, including access via our website www.vascofm.com. If you are unsure whether the electronic document you have received is complete, please contact us.

A printed copy is available free of charge by contacting the RE (see Corporate directory in section 17 of the PDS).

Information in this SPDS is subject to change from time to time. If the change is not materially adverse to investors, the RE may update the SPDS by posting a notice on its website at www.vascofm.com. If the change is materially adverse to investors, the RE will replace this SPDS or issue a supplementary SPDS.

If there are any inconsistencies between the PDS, SPDS and the Constitution, the Constitution will prevail. If there is inconsistency between the PDS and this SPDS the SPDS will prevail.

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We recommend you obtain and review all information before you invest.

Alternatively, you can contact the Investment Manager on info@ausfunds.com.au or 02 8318 8300 and they will send you the requested information free of charge.

1. A SNAPSHOT OF THE NSW-EPP-001 PROPERTY CLASS

Key features	Description
Offer	An investment in the NSW-EPP-001 Property Class
Property	Lots 1 (Apt 101), 65 (Apt 420) and 80 (Apt 515) (3 x 1 bedroom apartments), Lots 5 (Apt 105), 29 (Apt 308), 35 (Apt 306), 42 (Apt 317), 56 (Apt 405), 74 (Apt 505) and 81 (Apt 516) (7 x 2 bedrooms apartment) and Lots 19 (Apt 213) and 59 (Apt 414) (2 x 3 bedrooms apartments), 17-25 Epping Road, Epping NSW 2121
Property type	Residential
Purchase Price	\$9,253,800
Target return	As the Property is not expected to be tenanted until the Settlement Date, and given the nature of the investment, expected return information is not reliable enough to be provided. Information about prices in the area in which the Property is located is provided in section 8 Additional Information. Note that past performance is not a reliable guide of future performance.
Investment strategy	Residential property capital growth investment.
Capital to be raised	\$7,700,000 - \$7,800,000
Borrowing	Up to 35% of Purchase Price.
Tenancy	The Property is currently not tenanted but tenants are expected to be sourced by Settlement Date. Rent will be at the market rate.
Valuations	No valuation has been performed as at the date of this SPDS. However, a valuation will be obtained on an individual apartment basis before the contract of sale (Contract) is executed by the RE. If the valuation is more than 10% lower than the Purchase Price, the RE will not acquire the Property and the NSW-EPP-001 Property Class will not be created.
Term	5 years from Settlement Date, subject to available liquidity. The RE can reduce or extend the term for up to 1 year in its absolute discretion.
Offer Opening Date	Investors can submit their Conversion Form to invest in the NSW-EPP-001 Property Class from 29 January 2019.
Offer Closing Date	The Offer will close on 29 March 2019. The RE retains the right to close the Offer earlier or delay the Offer Closing Date for an additional 40 Business Days.
Units become quarantined	Once an investor applies to convert some or all of their Cash Units into the NSW-EPP-001 Property Units those Cash Units will become quarantined until the Conversion Date or as otherwise notified by the RE.
Conversion Date	Units which have been quarantined are expected to be converted to the NSW-EPP-001 Property Units 5 Business days before the Settlement Date. The Conversion Date can be brought forward or delayed at the RE's discretion. Where Settlement Date is expected to be delayed beyond 30 June 2019, the RE will either terminate the Contract (and the RE will remove the quarantine from the Units within 10 Business Days of the termination) or offer investors the opportunity, with 10 Business Days prior notice, to remove the quarantine from all or part of their Units.
Settlement Date	Settlement is expected to be on 12 April 2019. However Settlement Date may be earlier or delayed.
Unit pricing	NSW-EPP-001 Property Units are priced annually or as otherwise required by the RE based on updated valuations.
Distribution payments	Distributions are not expected to be made for the NSW-EPP-001 Property Class. However any distributions of income for the NSW-EPP-001 Property Units will be made quarterly.
Withdrawals	NSW-EPP-001 Property Units will generally only be redeemed upon the winding up of the Property Class.
Cooling off rights	No cooling off rights will apply.

1. A SNAPSHOT OF THE NSW-EPP-001 PROPERTY CLASS (Cont'd.)

Key features	Description
NSW-EPP-001 Property Class Minimum Investment	\$25,000 or in \$1,000 increments above \$25,000.
RE Fee (Platform as a whole)	0.31% per annum of the gross asset value of the Platform with a minimum of \$62,700 in each year. This fee will be spread across all Classes (including NSW-EPP-001 Property Class) in the Platform in proportion to the gross asset value of each Class. As at the date of this SPDS, the Cash Class and the NSW-EPP-001 Property Class are the only 2 Classes in the Platform.
Investment Manager Fees	<p>Property Class Establishment Fee - A once-off fee of 1.03% of the gross asset value of the NSW-EPP-001 Property Class.</p> <p>Annual Investment Management Fee - 1.03% per annum of the gross asset value of the NSW-EPP-001 Property Class.</p> <p>Property Acquisition Fee - A once-off fee of 3.38% of the Purchase Price.</p> <p>Property Disposal Fee - A once-off fee of 2.05% of the sale price of each Property.</p>
Expenses	In addition to the RE Fee the RE is entitled to recover all reasonable expenses properly incurred in the performance of its duties. The engagement of third-party service providers such as AusFunds will be an expense of the Platform. Expenses excluding Investment Manager Fees are estimated to be 0.64% p.a. of the gross asset value of the NSW-EPP-001 Property Class.
Buy/Sell spread	No buy/sell spread. However, the RE retains discretion to charge a buy/sell spread in the future (if necessary).

2. DISCLOSURE PRINCIPLES AND BENCHMARKS

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 funds, such as the Platform, must address to assist investors analyse and understand the risks associated with investing in these types of funds and decide whether such investments are suitable for them.

The Disclosure Principles and Benchmarks below refer to the NSW-EPP-001 Property Units. Please refer to the PDS for the RG 46 disclosure for the Platform as a whole.

Benchmark 1 – Gearing policy

Does the RE maintain and comply with a written policy that governs the level of gearing at an individual credit facility (borrowing facility) level?

Yes - The NSW-EPP-001 Property Class meets this benchmark.

Benchmark 2 - Interest Cover Policy

Does the RE maintain and comply with a written policy that governs the level of interest cover at an individual credit facility level?

Yes - The NSW-EPP-001 Property Class meets the benchmark.

Benchmark 3 – Interest capitalisation

Will the interest expense of the Scheme not be capitalised?

Yes - The NSW-EPP-001 Property Class meets the benchmark. The Interest expense of the NSW-EPP-001 Property Class will not be capitalised.

Benchmark 4 – Valuation policy

Does the RE maintain and comply with a written valuation policy that contains all the elements as set out in ASIC Regulatory Guide 46?

No - The NSW-EPP-001 Property Class does not meet this benchmark. It does not meet the benchmark as valuations will only be undertaken prior to acquisition and otherwise only once every 3 years unless required more frequently by Vasco or the Fund's auditors.

Benchmark 5 – Related party transactions

Does the RE maintain and comply 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 – The NSW-EPP-001 Property Class meets this benchmark.

Benchmark 6 – Distribution practices

Will the Platform only pay distributions from its cash from operations (excluding borrowings) available for distribution?

Yes - The NSW-EPP-001 Property Class meets this benchmark.

Disclosure Principle 1 – Gearing ratio

Responsible entities should disclose a gearing ratio for the scheme calculated using the following formula:

$$\text{Gearing ratio} = \frac{\text{Total interest bearing liabilities}}{\text{Total assets}}$$

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

As at the date of this SPDS the NSW-EPP-001 Property Class has no borrowings. However it is expected that at the Settlement Date, assuming \$3,100,000 will be borrowed, the NSW-EPP-001 Property Class will have a gearing ratio of $3,100,000 / 9,253,800 = 0.335$.

Disclosure Principle 2 – Interest cover ratio

The RE should disclose the scheme's interest cover ratio calculated using the following formula and based on the latest financial statements:

Interest cover ratio (ICR) =

$$\frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}}$$

The interest cover ratio measures the ability of the scheme to service interest on debt from earnings.

As at the date of this SPDS the NSW-EPP-001 Property Class has no borrowings therefore the ICR is currently 0%. However it is estimated that at the Settlement Date, assuming that \$7,580 per week rent is achieved, initial scheme expenses plus operational costs of \$379,000 and \$3,100,000 will be borrowed at 4.60%p.a. interest rate, the NSW-EPP-001 Property Class will have an interest cover ratio of 0.11.

Disclosure Principle 3 – Scheme borrowing

If a scheme has borrowed funds (whether on or off balance sheet), responsible entities should clearly and prominently disclose the nature of those borrowings.

As at the date of this SPDS NSW-EPP-001 Property Class does not have any borrowings.

However it is expected that at the Settlement Date, \$3,100,000 will be borrowed for a minimum of 3 year term.

It is expected that the Property value would have to fall by 10% for the NSW-EPP-001 Property Class to breach a loan covenant.

There will not be any credit facility.

All amounts owing to lenders and other creditors of the NSW-EPP-001 Property Class rank before an investor's interest in the NSW-EPP-001 Property Class.

The loan will not be hedged.

2. DISCLOSURE PRINCIPLES AND BENCHMARKS (Cont'd.)

Disclosure Principle 4 - Portfolio diversification

The RE should disclose the current composition of the property scheme's direct property investment portfolio.

The RE does not manage portfolio diversification. The NSW-EPP-001 Property Class will comprise of 12 residential apartments in two buildings but same Strata Plan in Epping NSW for a total value of \$9,253,800. No valuations have been obtained in respect of the Property as at the date of this SPDS. However, a valuation on an individual apartment basis will be obtained before the Contract is executed by the RE. If the valuation is more than 10% lower than the Purchase Price, the RE will not acquire the Property and the NSW-EPP-001 Property Class will not be created.

The Property is currently untenanted. It is expected that before the Settlement Date tenants will be sourced through a licensed real estate agents and market rent of approximately \$7,580 per week will be charged.

No other properties will be held by the NSW-EPP-001 Property Class.

Investors can diversify their property exposure from the Platform by investing in other Property Classes which are of different types and geographic areas.

Disclosure Principle 5 - Related party transactions

Responsible entities that enter into transactions with related parties should describe related party arrangements relevant to the investment decision.

The RE and the Investment Manager may enter into related party transactions from time to time. See Additional Information section below for further details as to related party transactions.

Disclosure Principle 6 - Distribution practices

If a scheme is making or forecasts making distributions to members, the responsible entity should disclose the nature and source of the distributions.

All distributions will be sourced from cash from operations available for distribution and will not be sourced from borrowings or unrealised capital gains. No distributions are expected to be made for the NSW-EPP-001 Property Class.

Disclosure Principle 7 – Withdrawal arrangements

It is important for responsible entities to make investors aware of withdrawal arrangements so that investors form realistic expectations about their ability to withdraw from the scheme. If investors are given the right to withdraw from a scheme, the responsible entity should clearly disclose the nature of those rights.

Investors in all the Property Classes will only be able to withdraw if the RE makes a withdrawal offer. The RE has no obligation or intention to make a withdrawal offer.

Disclosure Principle 8 – Net tangible assets

The responsible entity of a closed-end scheme should clearly disclose the value of the net tangible assets (NTA) of the scheme on a per unit basis in pre-tax dollars.






**NTA = Net assets – intangible assets +/- any other adjustments
Number of units in the scheme on issue**

The NTA in NSW-EPP-001 Property Class is calculated by reference to the annual valuation of the property asset held less any liabilities (e.g. loans and outstanding expenses) related to the NSW-EPP-001 Property Class divided by the number of Units on issue in the NSW-EPP-001 Property Class.

Currently, the NSW-EPP-001 Property Class does not have any assets, liabilities or Units on issue so an NTA is unhelpful. However, it is expected that at the Settlement Date there will be net assets of \$9,253,800 - \$3,100,000 + \$590,100 = \$6,743,900 (Property value minus borrowings plus cash) and a total of 7,700,000 NSW-EPP-001 Property Units on issue. Therefore the NTA of the NSW-EPP-001 Property Class is expected to be approximately \$0.88 per unit.

The NTA will be published on the Platform's website www.ausfunds.com.au and updated every 12 months.

3. THE PROPERTY

	Key features	Description
    	Property type	Residential
	Location	Epping NSW 2121
	Ownership	100% of the apartments to be acquired under the Contract by the NSW-EPP-001 Property Class
	Bedrooms	3 X One, 7 X Two and 2 X Three bedrooms
	Bathrooms	1 or 2 bathrooms per apartment
	Car park	1 car space per apartment except for Lot 65 (Apt 420) which has no car space
	Building area	One bedroom apartments: 63 - 82sqm (inclusive of balcony) + car space and storage Two bedroom apartments: 82 - 97sqm (inclusive of balcony) + car space and storage Three bedroom apartments: 109 sqm (inclusive of balcony) + car space and storage
	Purchase price	\$9,253,800
	Notional rent per annum	\$394,000 total
	Estimated annual expenses for first year	\$161,400 total

Brand new property

- 11 out of 12 apartments has a secured basement car space

Finishing

- Stone-top kitchens with gas cooktops and Miele appliances, contemporary designed bathrooms
- Reverse cycle split system air conditioning
- Premium interior design & finishes

Location

- 450m to Epping train station
- 550m to Epping Village retail precinct
- 700m to Coles Supermarket
- 4.3km to Macquarie shopping centre
- 350m to Epping library
- 650m to Epping Aquatic and Leisure Centre
- 550m to Epping Public School
- 2.6km to Macquarie University

4. BENEFITS AND RISKS

4.1 Benefits

Please refer to the PDS for a full summary of the benefits.

4.2 Risks

Please refer to the PDS for a full summary of the risks.

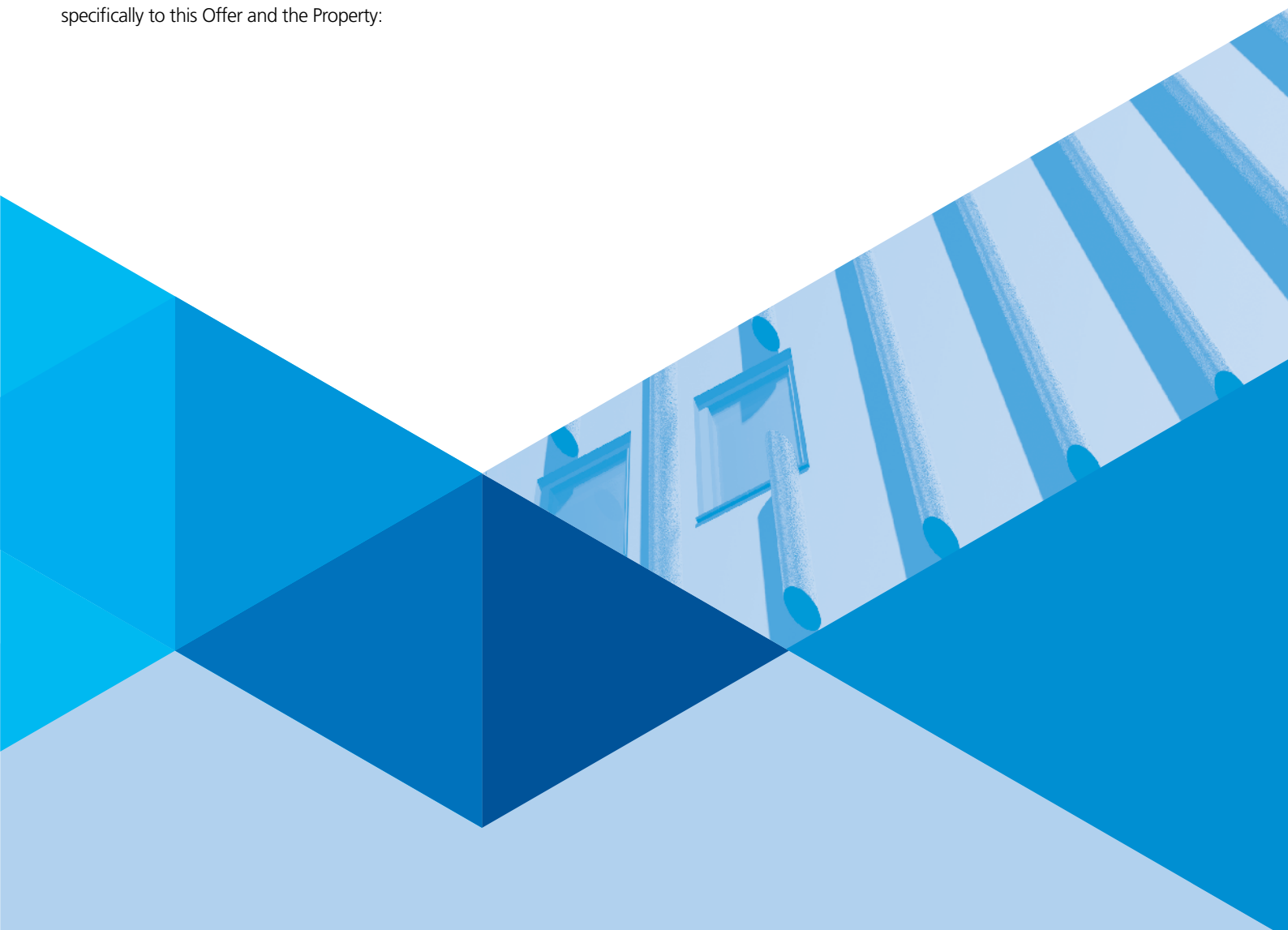
These risks include but are not limited to:

- Changing economic conditions risk
- Tenancy risk
- Property maintenance risk
- Class Liquidity risk
- Borrowing risk
- Income tax risk
- MIT and AMIT risk
- Related party transactions risk
- Valuation risk
- Stamp duty and land tax risks
- Disputes and defaults risk

In addition to these risks summarised in the PDS, the following risk relate specifically to this Offer and the Property:

Negative gearing

The NSW-EPP-001 Property Class will be negatively geared. This means that the interest repayments on the loan will be greater than the net income generated from the Property. This increases the risk of the NSW-EPP-001 Property Class defaulting on its loan and other obligations as there will always be a shortfall of income to pay the expenses. To deal with this, the RE has allocated capital from investors' initial investment to make-up this shortfall on an ongoing basis until the Property is sold at the conclusion of the Term. See Additional Information section below for more information.



5. INVESTMENT PROCESS OVERVIEW

The investment process is as follows:

1. Offer Opening Date

This is the date from which investors can commence submitting their Conversion Forms to the Administration Manager for investments in the NSW-EPP-001 Property Class. This is expected to be 29 January 2019.

2. Submit Conversion Form

To invest in the NSW-EPP-001 Property Class a completed Conversion Form, nominating how many Cash Units you want to convert into NSW-EPP-001 Property Units needs to be submitted to the Administration Manager after the Offer Opening Date and before the Offer Closing Date.

3. Cash Units become quarantined

When an investor submits a Conversion Form to convert some/all of their Cash Units into Units in a Property Class such as the NSW-EPP-001 Property Class those nominated Units will become quarantined. The effect of Units becoming “quarantined” is that despite the Units remaining in the Cash Class until the Conversion Date, investors will not be able to withdraw those Cash Units or apply to convert them to another Property Class.

All other rights, including the rights to distributions from the Cash Class will remain unchanged.

4. Offer Closing Date

This is the date whereby no further applications to invest in the NSW-EPP-001 Property Class will be accepted. It is expected that the Offer will close on 29 March 2019. However the RE retains the right to close the Offer earlier or delay the Offer Closing Date for an additional 40 Business Days.

5. Valuation

The Investment Manager will conduct an independent valuation on an individual apartment basis.

If the valuation is 10% less than the Purchase Price, the RE will not enter into the Contract to acquire the Property and the quarantine will be removed from the Units.

6. Execute Contract

Assuming the valuation is not 10% less than the Purchase Price the RE will enter into the Contract to purchase the Property.

7. Conversion Date

Units which have been quarantined are expected to be converted to the NSW-EPP-001 Property Units 5 Business Days before the Settlement Date.

The Conversion Date can be brought forward or delayed in the RE's discretion.

Where the Settlement Date is expected to be delayed beyond 30 June 2019, the RE will either terminate the Contract (and the RE will remove the quarantine from the Units within 10 Business Days of the termination) or offer investors the opportunity, with 10 Business Days prior notice, to have the quarantine removed from all or part of their Units.

8. Settlement Date

Settlement is expected to be on 12 April 2019. However settlement may be earlier or delayed.

NSW-EPP-001 Property Class not proceeding

There are a number of circumstance in which the RE may not create the NSW-EPP-001 Property Class. These circumstances include but are not limited to, if:

- there is insufficient capital committed from investors;
- the Property valuation is more than 10% lower than the Purchase Price; or
- the Settlement Date is delayed beyond 30 June 2019.

If the RE determines not to proceed in creating the NSW-EPP-001 Property Class, the RE will inform all investors who have had their Units quarantined of its decision in writing and remove the quarantine from the Units.

6. FEES AND OTHER COSTS

This section sets out the fees and other costs that may be incurred by the Platform. You should read all information about fees and costs carefully as it is important to understand their impact on your investment.

Consumer Advisory Warning

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

DID YOU KNOW?

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

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

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

You may be able to negotiate to pay lower 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 funds fee calculator to help you check out different fee options.

This table shows fees and other costs that you may be charged for an investment in the NSW-EPP-001 Property Class and the Platform.

These fees and costs may be deducted from your money, from the returns of your investment or from the Platform's assets as a whole. Taxation information is set out in section 11 of the PDS.

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

AusFunds Fractional Property Investment Platform - NSW-EPP-001 Property Class

Type of fee or cost ¹	Amount ²	How and when paid
Fees when your money moves in or out of the Fund		
Establishment Fee The fee to open your investment.	Nil	Not applicable
Contribution Fee The fee on each amount contributed to your investment.	Nil	Not applicable
Withdrawal Fee The fee on each amount you take out of your investment.	Nil	Not applicable
Exit Fee The fee to close your investment.	Nil	Not applicable

6. FEES AND OTHER COSTS (Cont'd.)

Type of fee or cost ¹	Amount ²	How and when paid
Management Costs		
<i>The fees and costs for managing your investment</i>		
RE Fee	0.31% per annum of the gross asset value of the Platform with a minimum of \$62,700 in each year ³	Calculated and accrued monthly from execution of the Constitution and payable to the RE monthly in arrears from the Platform's assets within 7 days of the end of each month, subject to the fee be apportioned pro-rata across the gross asset value of each Class.
Investment Manager Fees	Property Class Establishment Fee Cash Class - Nil Property Class - 1.03% of the gross asset value of the Property Class. ⁴	A once-off fee calculated and paid directly to the Investment Manager from the assets of the Property Class within a month of the Property Class being established.
	Annual Investment Management Fee Cash Class - 0.31% per annum of the gross asset value of the Cash Class ⁴ Property Class - 1.03% per annum of the gross asset value of the Property Class ⁴	Calculated and accrued monthly and payable to the Investment Manager monthly in arrears from the relevant Class assets within 7 days of the end of each month.
	Property Acquisition Fee Cash Class - Nil Property Class - 3.38% of the sale price of each Property. ⁴	A once-off fee calculated on the purchase price of each Property and payable to the Investment Manager on settlement of the relevant Property from the assets of the relevant Property Class.
	Property Disposal Fee Cash Class - Nil Property Class - 2.05% of the sale price of each Property. ⁴	A once-off fee calculated on the sale price of each Property and payable to the Investment Manager on settlement of the relevant property from the assets of the relevant Property Class.
Expenses (including indirect cost)	Estimated to be 0.64% per annum of the gross asset value of the NSW-EPP-001 Property Class ⁴	Expenses may be claimed on a monthly basis, and are deducted from the assets of each Class on at least a monthly basis.
Service Fees		
Switching Fee The fee for changing investment options.	Nil	Not applicable

1. See 'Additional explanation of fees and costs' below for further details as to fees and costs you may be charged.

2. All fees are inclusive of GST, any applicable stamp duty less any applicable input tax credits.

3. The Investment Manager has agreed to pay the RE Fee and expenses until such time as they are able to be paid from the assets of the Platform. The Investment Manager may be reimbursed from the Platform in future years for any RE Fee and expenses it pays.

4. The expense recovery is only an estimate based upon the Cash Class having a net assets value of \$600,000 and 6 Property Classes each with a gross asset value of \$5m. (Since the gross asset value of Property Classes will not all be exactly \$5m, the \$5m is only an average figure.) The actual expense recovery may be higher or lower.

6. FEES AND OTHER COSTS (Cont'd.)

Example of annual fees and costs for the NSW-EPP-001 Property Class

The table below provides an example of how fees and costs in the NSW-EPP-001 Property Class can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example

Example - AusFunds Fractional Property Investment Platform - NSW-EPP-001 Property Class ¹		Balance of \$50,000 with a contribution of \$5,000 ¹ during the year
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	5.90% per annum of the gross asset value of Property Class. ²	And , for every \$50,000 you have in the Property Class, you will be charged \$2,950 each year.
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 ³ , you will be charged fees and costs of: \$2,950.⁴ What it costs you will depend on the investment option you choose and the fees you negotiate.

1. The fees and other costs disclosed in respect of the NSW-EPP-001 Property Class assumes that the Cash Class has a net asset value of \$600,000 and that there are 6 Property Classes with an average gross asset value of \$5m each. Once the Property is acquired, the NSW-EPP-001 Property Class will be closed to new investment and NSW-EPP-001 Property Unit holders will not be able to make further contributions to their investment in this class (but may do so for the Cash Class).
2. 5.90% is the indirect cost ratio of the NSW-EPP-001 Property Class, which is quoted inclusive of GST and net of reduced input tax credits. It is an estimate of the total management costs (which does not include transactional and operational costs) and is represented as a percentage of the estimated average net assets of that Property Class.
3. It is assumed that the contribution of \$5,000 is made at the end of the year.
4. Additional fees and costs may apply. Please refer to the explanation of 'Transactional and Operational Costs' and the 'Buy/Sell Spread' in the 'Additional Explanation of Fees and Costs' section.



6. FEES AND OTHER COSTS (Cont'd.)

Additional explanation of fees and costs

Investment Manager Fees

These are the fees payable to the Investment Manager for managing the Platform's assets. These are all classified as expenses of the Fund. Pursuant to the terms of the Investment Management Agreement the Investment Manager is entitled to charge the following fees:

■ Property Class Establishment Fee

- **Cash Class** - 0%
- **Property Class** - A once-off fee of 1.03% of the gross asset value of each Property Class.

This fee is paid directly to the Investment Manager from the assets of the NSW-EPP-001 Property Class within a month of the NSW-EPP-001 Property Class being established. This fee includes the costs associated with establishing a new Property Class.

■ Annual Investment Management Fee

- **Cash Class** - 0.31% p.a. of the gross asset value of the Cash Class.
- **Property Class** - 1.03% per annum of the gross asset value of the NSW-EPP-001 Property Class.

This fee is calculated and accrued monthly and is payable to the Investment Manager monthly in arrears from the NSW-EPP-001 Property Class' assets within 7 days of the end of each month. This fee is paid to the Investment Manager for managing the assets of the NSW-EPP-001 Property Class.

■ Property Acquisition Fee

- **Cash Class** - N/A
- **Property Class** - A once-off fee of 3.38% of the purchase price of the Property.

This fee is calculated on the purchase price of the Property. The Property Acquisition Fee is payable on the settlement of the Property from the NSW-EPP-001 Property Class. This fee is paid to the Investment Manager for successfully sourcing and acquiring a property for the relevant Property Class.

■ Property Disposal Fee

- **Cash Class** - N/A
- **Property Class** - A once-off fee of 2.05% of the sale price of each Property.

This fee is calculated on the sale price of the Property. The Property Disposal Fee is payable on the settlement of the Property from the NSW-EPP-001 Property Class. This fee is paid to the Investment Manager for successfully selling the Property.

Buy and sell spreads

As at the date of this SPDS, there is no buy/sell spread.

Updated buy and sell spreads can be obtained online at www.vascofm.com or by contacting us.

Transactional and operational costs

Transactional and operational costs are not included in the calculation of management costs.

The transactional costs for the NSW-EPP-001 Property Class is estimated to be \$543,290 or 1.78% of the gross asset value of the NSW-EPP-001 Property Class.

The operational costs for NSW-EPP-001 Property Class are estimated to be \$161,414 per annum or 0.53% per annum of the gross asset value of the NSW-EPP-001 Property Class.

Indirect costs

The Platform's estimated indirect costs for the NSW-EPP-001 Property Class is zero.

Indirect cost ratio ('ICR')

The ICR of the NSW-EPP-001 Property Class is estimated to be 8.43%. The ICR of a Property Class is an estimate of the total management costs (which does not include transactional and operational costs) and is represented as a percentage of the estimated average net assets of that Property Class.

The ICR assumes that the Cash Class has a net asset value of \$600,000 and that there are 6 Property Classes with an average gross asset value of \$5m each.

7. TAX AND STAMP DUTY

Please refer to the PDS for full tax and stamp duty disclosure which includes but is not limited to disclosure in respect of the following issues:

- Income of the Platform - rent and capital gains
- Disposal or redemption of units in the Platform
- Non-residents tax treatment
- Stamp Duty considerations
- Australian Tax Reform
- Proposed measures to improve affordable housing



8. ADDITIONAL INFORMATION

Related Party transactions

Related party transactions always carry the risk that they could be assessed and monitored less rigorously than arm's length third party transactions. As disclosed in the PDS, the RE and the Investment Manager may enter into related party transactions from time to time.

The vendor of the Property is not a related party to the RE or the Investment Manager.

Distribution payments

No distributions are expected in the NSW-EPP-001 Property Class and investors should invest for the potential of capital growth only.

The amount of distribution income (if any) paid to you is based on the number of NSW-EPP-001 Property Units held at the end of each distribution period.

Distributions are generally paid within 30 days of the end of a distribution period.

Please note if you are investing through a master fund or IDPS, the operator may pay income at different times and may not offer you a choice of payment options.

Historical performance of suburb Epping

Based on market research by the Investment Manager, the median value of units in the suburb of Epping, NSW for the past 10 years are:

Date	Value
11/2009	\$478,000
11/2010	\$532,000
11/2011	\$542,000
11/2012	\$541,000
11/2013	\$606,000
11/2014	\$691,000
11/2015	\$816,000
11/2016	\$837,000
11/2017	\$857,000
11/2018	\$818,000

Hence on a 5 year period performance:

Years	Over 5 years	Annualised
2010 - 2014	44.56%	7.65%
2011 - 2015	53.38%	8.93%
2012 - 2016	54.43%	9.08%
2013 - 2017	58.41%	9.64%
2014 - 2018	34.98%	6.18%

Negative gearing buffer

The NSW-EPP-001 Property Class will be negatively geared. This means that there will be insufficient income to pay for the NSW-EPP-001 Property Class' loan interest repayments. In other words, there will be a continuous short-fall of money to pay for the NSW-EPP-001 Property Class' expenses. To address this issue, the Investment Manager has allocated a total of approximately \$590,000 which, based upon its internal modelling, should be sufficient to pay the short-fall of expenses of the NSW-EPP-001 Property Class for the duration of the Term.

Delayed valuation

No valuation will be obtained until after the fund-raising has been completed. If the valuation obtained is more than 10% lower than the total agreed purchase price under the Contract, the RE will not proceed in acquiring the Property. Any costs associated with this Offer will be borne by the Investment Manager.

Insufficient capital raised

If there is insufficient interest in the NSW-EPP-001 Property Class the Class will not be created and the Property will not be acquired. Any costs associated with this Offer will be borne by the Investment Manager.

Extension of Term

The RE can reduce or extend the Term for up to 1 year in its absolute discretion. Under the Constitution, NSW-EPP-001 Property Unit holders can also in certain circumstances reduce or extend the Term.

Consents

Each of the following parties has given their written consent to act in the position and role set out in the directory:

- Vasco Investment Managers Limited
- Vasco Funds Management Pty Limited
- AusFunds Investment Management Pty Ltd

Where applicable, they have consented to the information attributed to them in this SPDS in the form and context in which they have been included. Further, none of these parties have withdrawn their consent prior to the date of this SPDS.

9. CONVERSION FORM **NSW-EPP-001 PROPERTY CLASS**

Investor Name	<hr/>
Investor ID Number	<hr/>
Investor Address	<hr/>
Value of Cash Units to be Converted	<hr/>

Acknowledgements

- I/we have read the PDS dated 26 February 2018 and this SPDS dated 25 January 2019 for the Offer in respect of the NSW-EPP-001 Property Class to which this application applies and have received and accepted the offer in it, in Australia.
- If I/we have received the SPDS from the internet or other electronic means that I/we received it personally or a printout of it, accompanied by or attached to this Conversions Form.
- My/our application is true and correct and I/we have legal power to invest.
- I/we acknowledge that investments in the NSW-EPP-001 Property Class are subject to the risks outlined in the PDS and this SPDS.
- I/we acknowledge that once my/our Conversion Form has been submitted the nominated number of Cash Units will become quarantined until the Conversion Date or as otherwise determined by the RE.
- I/we acknowledge that there is no cooling off period applies in the NSW-EPP-001 Property Class.
- I/we acknowledge that the RE and/or the Investment Manager may need to collect addition information from me/us and I/we may not be able to invest in the NSW-EPP-001 Property Class until this information has been properly provided.
- I/we acknowledge that the RE is under no obligation to accept all or any part of my/our Conversion Form and can reject whole or part of the Conversion Form without providing reason.

Executed

Signature 1		Signature 2	
Name		Name	
Date		Date	
Title		Title	
If a company officer or trustee, you MUST specify your title.			
<input type="checkbox"/> Director	<input type="checkbox"/> Sole director and company secretary	<input type="checkbox"/> Director	<input type="checkbox"/> Sole director and company secretary
<input type="checkbox"/> Trustee	<input type="checkbox"/> Other (please specify) <div></div>	<input type="checkbox"/> Trustee	<input type="checkbox"/> Other (please specify) <div></div>

Please send your original completed conversion form to the Administration Manager at the following address:

Vasco Funds Management Pty Ltd
Level 5, 488 Bourke Street
Melbourne VIC 3000

10. GLOSSARY

Contract	The contract of sale to purchase the Property.
Conversion Date	The date when an investor's Cash Units are converted into Property Units in the NSW-EPP-001 Property Class.
Conversion Form	The application form to invest into the NSW-EPP-001 Property Class, the form of which is attached to or included in this SPDS.
Offer	The offer to convert Cash Units into Units in the NSW-EPP-001 Property Class.
Offer Closing Date	Means the date that Conversion Forms will no longer be accepted in respect of the Offer. The Offer Closing date is 29 March 2019 unless changed by the RE.
Offer Opening Date	Means the date that Conversion Forms will commence being accepted in respect of the Offer. The Offer Opening date is 29 January 2019 unless changed by the RE.
Property	Lots 1, 65 and 80 (3 x 1 bedroom apartments), Lots 5, 29, 35, 42, 56, 74 and 81 (7 x 2 bedrooms apartment) and Lots 19 and 59 (2 x 3 bedrooms apartments), 17-25 Epping Road, Epping NSW 2121
Purchase Price	This is the contracted purchase price of the Property of \$9,253,800.
Settlement Date	12 April 2019 unless notified by the RE otherwise.
Term	5 years from the Settlement Date, subject to available liquidity. The RE can however shorten or extend the Term for up to 1 year in its absolute discretion.