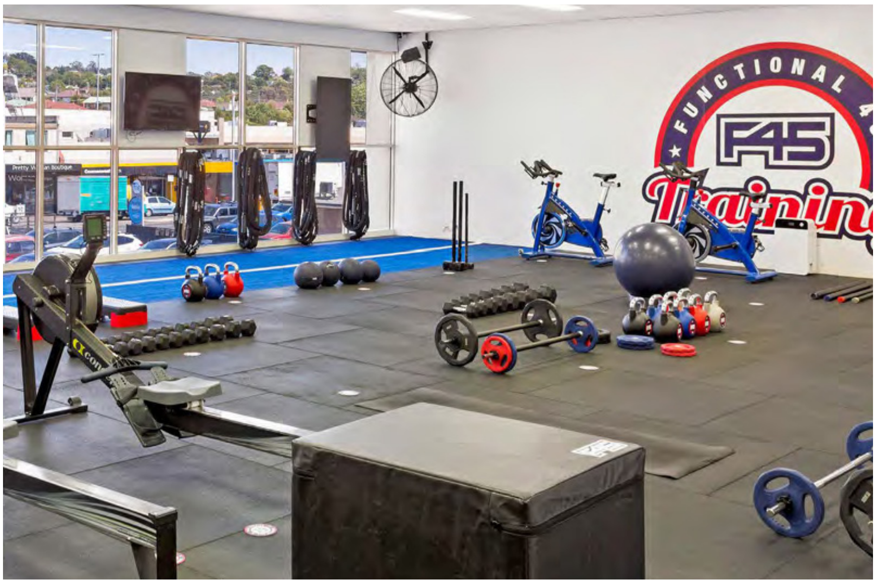
Key Capital Retail Fund No.9
ASIC REGULATORY GUIDE (RG 46)
30 June 2023

KEY CAPITAL LIMITED
ABN 81 112 191 198
AFSL 287725



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SUMMARY OF ASIC DISCLOSURE PRINCIPLES AND BENCHMARKS

ASIC has established eight disclosure principles and six benchmarks that Responsible Entity's of unlisted property schemes are required to disclose against. These principles and benchmarks are set out in ASIC Regulatory Guide 46 (RG 46).

These disclosure principles were introduced to help investors to understand the key characteristics of unlisted property schemes and assess associated risks by clarifying the disclosure requirements of the law.

The Responsible Entity aims to provide clear, concise and effective disclosure.

BENCHMARK AND DISCLOSURE PRINCIPLES	DESCRIPTION
GEARING Benchmark 1 addresses a scheme's policy on gearing at an individual credit facility level. Disclosure principle 1 addresses disclosure of the gearing ratio of the scheme, the calculation of the ratio and its explanation.	**Benchmark 1: Gearing Policy** Key Capital has a written policy that governs the level of gearing at an individual credit facility level for the Fund. The policy provides that the gearing of the Fund will be managed carefully and must not exceed 60%, with gearing being calculated as borrowings divided by the current valuation of the Property. **Disclosure Principle 1: Gearing ratio** The gearing ratio of the Fund is 38%. The gearing ratio represents the extent to which the assets of a Fund are financed by debt. The higher a Fund's gearing ratio the greater its reliance on external liabilities (primarily borrowings) to finance the assets. A higher gearing ratio may also expose a Fund to increased costs if interest rates rise or property values decrease. A highly geared Fund generally has a lower asset buffer to rely upon in times of financial stress. The Fund's gearing ratio is calculated as: Gearing ratio: $\frac{\text{Total interest bearing liabilities}}{\text{Total assets}}$ Investors can use the gearing ratio to assess the potential risks associated with an investment in a Fund in the event interest rates rise or property values decrease; and to compare the risk associated with a Fund's return on investment to other similar products. The Fund does not have any off-balance sheet financing.
INTEREST COVER Benchmark 2 addresses a scheme's policy on the level of interest cover at an individual credit facility level. Disclosure principle 2 addresses disclosure of the Interest Cover Ratio of the scheme, the calculation of the ratio and its explanation.	**Benchmark 2: Interest cover policy** Key Capital has a written policy that governs the level of interest cover at an individual credit facility level for the Fund. The policy provides that the Key Capital will not undertake any borrowing which would cause the Fund's interest cover ratio to fall below 2.0 times. The Fund is currently complying with the policy. **Disclosure Principle 2 — Interest cover** The Fund's interest cover is estimated to be 3.9 times calculated using rent as at 30 June 2023. This figure indicates that the Fund has sufficient earnings to satisfy interest payments in the forecast period. Interest cover ratio $= \frac{\text{EBITDA-unrealised gains+unrealised losses}}{\text{Interest expense}}$ EBITDA means earnings before interest, tax, depreciation and amortisation. Investors may use an interest cover ratio to assess a Fund's ability to meet ongoing interest payments and therefore service debt. The lower the interest cover, the higher the risk a Fund will not be able to meet its interest payments. A Fund 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.

BENCHMARK AND DISCLOSURE PRINCIPLES	DESCRIPTION
INTEREST CAPITALISATION Benchmark 3 addresses whether the interest expense of a scheme is capitalised.	**Benchmark 3: Interest capitalisation** The interest expense of the Fund is being paid from rental revenue paid from tenants from the Property held by the Fund. This loan forms part of the overall $2,150,000 Limit approved for the Fund.
SCHEME BORROWING Disclosure principle 3 addresses disclosure of the scheme's credit facilities, including the circumstances in which credit facility covenants will be breached.	**Disclosure Principle 3: Scheme borrowing** The Fund will secure a Business Markets – Flexible Rate Loan from Westpac Bank. The total facility of $2,150,000 will be secured by first mortgage held over the Property and a General Security Agreement in respect of all the assets of the Fund. Key Capital is compliant with the interest times cover loan covenant imposed by the Fund's lender in relation to the Fund's borrowings and our policies. Key Capital is required to maintain an interest time's cover of no less than 2.0 times. The facility is unhedged. Investors' interests in the Fund will rank behind lenders and unsecured creditors of the Fund. This means, if the Fund was to be wound-up, then the Fund's lenders and unsecured creditors would be repaid first, before any capital or outstanding distributions were paid to investors. The bank loan is a variable interest rate and subject to market fluctuation. The loan interest rate is between 5.00% to 6.00%. The Constitution and the Corporations Act give Unit Holders certain powers. In particular, the requisite number of Unit Holders may call a meeting to consider resolutions to amend the Constitution, terminate the Fund or remove Key Capital as Responsible Entity. The exercise of those powers without the consent of the Bank will lead to events of default under the Fund's finance facility and in certain circumstances will give the Bank rights to, amongst other things, call for immediate repayment of the amounts outstanding.
VALUATIONS Benchmark 4 addresses the way in which valuations are carried out by a Responsible Entity in relation to the scheme's assets.	**Benchmark 4: Valuation policy** Key Capital has, and complies with, a valuation policy for the Fund. The policy provides that: a. the Fund's properties will be independently valued every three years or as when required by the Fund's credit provider and the last independent valuation was July 2022. b. all independent valuations are to be carried out by appropriately qualified valuers, independent of Key Capital, who are registered in the relevant State or otherwise be a member of an appropriate professional body in that jurisdiction and have a minimum of five years relevant experience; c. valuers are to be instructed to undertake their valuation in accordance with industry standards; and d. to outline their valuation methodology within the valuation report; and e. valuers will not undertake more than two consecutive full valuations of the Property. Key Capital believes that using independent valuers (with valuers being required to confirm their independence as part of their valuation report) and ensuring that the valuers are rotated in accordance with the valuation policy, will best address any potential conflicts of interest that might arise.

BENCHMARK AND DISCLOSURE PRINCIPLES	DESCRIPTION
PORTFOLIO DIVERSIFICATION Disclosure principle 4 addresses disclosure of the scheme's assets, including specific information about development assets.	**Disclosure Principle 4: Portfolio diversification** Generally, the more diversified a Fund's portfolio is, the lower the risk that an adverse event affecting one property, or one lease will materially affect the Fund's performance. The current composition of the portfolio is: > Number of properties: 1 Direct > Weighted average lease expiry (WALE): 3.34 by Income > Geographical location: Tasmania > Sector Commercial - with 7 leased, 0 vacant The table below sets out relevant information on the property held by the Fund:

Property Valuation: 139-143 Hobart Road, Kings Meadows	$5,510,000
Valuer	Directors Val
Date of Valuation	March 2023
Cap Rate	6.20%
Lease Expiry Profile	3.34 years
Tenant (Majors by income)	Department of Premier, Department of Finance, LivEat
% of Portfolio	100%
The current composition of the Fund's property investment portfolio by lease expiry in yearly periods calculated based on income.	3.34 years

RELATED PARTY TRANSACTIONS Benchmark 5 addresses a Responsible Entity's policy on related party transactions. Disclosure principle 5 addresses disclosure about related party transactions.	**Benchmark 5: Related party transactions** Key Capital has a policy on related party transactions and conflicts of interest, to ensure related party transactions are assessed and monitored as rigorously as arm's length third party transactions. Key Capital's related party transaction policy identifies instances where conflicts of interest may arise in relation to the Fund. Key Capital's policy includes an assessment and approval by the Board before related party transactions can be entered into. Where a potential conflict is identified it must be reported to the Managing Director for assessment. The conflict will be assessed as either "minor", "intermediate" or "serious". The Chairman is then responsible for resolving the conflict but may refer the matter to the Board for a determination. All decisions in relation to conflicts of interest and all related party transactions must be documented, compliance with the policy must be considered by the Board quarterly and the related party transaction policy and all related party transactions must be reviewed annually. **Disclosure Principle 5: Related party transactions** Key Capital has entered into the following related party transactions: > Retail Leisure & Life ("RL&L"), a related party, assists managing agent Knight Frank Tasmania with project leasing from time to time. > Key Capital uses Figureworks to provide accounting and tax advice to the Fund. > Key Capital Directors and related parties own 594,225 units as at 30 June 2023 These related party transactions were entered into and are monitored in compliance with Key Capital's related party transactions and conflicts of interest policy. In the view of the Board of Key Capital, none of the transactions above have created any additional risk for the Fund's investors.

BENCHMARK AND DISCLOSURE PRINCIPLES	DESCRIPTION
DISTRIBUTION PRACTICES Benchmark 6 addresses a scheme's practices for paying distributions from cash from operations available for distribution. Disclosure principle 6 addresses where distributions are sourced from and whether forecast distributions are sustainable.	**Benchmark 6: Distribution practices** The Fund will in the long term only pay distributions from its cash from operations (excluding borrowings) available for distribution. **Disclosure Principle 6: Distribution practices** Key Capital forecast distributions from the Fund to members of 7.50% (annualised). This is in line with the distribution policy. The Responsible Entity may elect to use cash from redraw funds available in the Loan to pay distributions due to timing constraints associated with the receipt of the forecast rent, however the primary goal is to pay distributions from operating cash. The Responsible Entity considers that the forecast distributions are sustainable over the next 12 months.
WITHDRAWAL ARRANGEMENTS Disclosure principle 7 addresses disclosure of the withdrawal arrangements within the scheme and risk factors that may affect the unit price on withdrawal.	**Disclosure principle 7: Withdrawal arrangements** The Fund is illiquid, there will be no 'cooling off' period relating to applications or any right to withdraw.
NET TANGIBLE ASSETS Disclosure principle 8 addresses disclosure of the Net Tangible Asset (NTA) backing per unit of the scheme.	**Disclosure Principle 8: Net tangible assets** A net tangible asset ('NTA') is calculated using information from the Fund's latest audited financial statements and using the following formula: $\text{NTA} = \dfrac{\text{Net assets-intangible assets} \pm \text{any other adjustments}}{\text{Number of units in the scheme on issue}}$ As at 30 June 2023, the Fund NTA per unit of $1.12 The Fund's NTA expressed on a per Unit basis may be used as an approximate measure of what a Unit Holder could expect to receive for their Units if the Fund were wound up at that time. To the extent that the NTA at any time is less than the price paid for a Unit, it is also an approximate measure of the risk of a capital loss.

Updates about any material changes to the matters listed in this table will be provided at **keycapital.com.au**