



Property Investment Pool

(Drafted by Counsel)

Approved by: The Perth Diocesan Trustees
Amendments:

16 June 2011

File #423(a)/#615

Whereas certain trust funds are held in the name of The Perth Diocesan Trustees (hereinafter called "the Trustees") and as determined by the Trustees it is agreed that certain property assets of the trusts shall be treated as together comprising a Property Investment Pool and for the pooling of income and capital gains arising from those property assets of these trusts and to share the income and capital gains arising in the agreed portions based on the present value of the contribution of each trust to the Pool. Each trust retains its separate entitlement to 'its' assets and no new trust is established.

The primary goal of the Property Investment Pool is to:

- a) *Increase the Property Investment Pool's gross assets by 9% per annum (pre distribution)*. This will be measured on a rolling 5-year basis (1 year's prior actual, current year budget and 3 years future forecasts). Such an increase is measured by both realised cash returns (net profit) and unrealised (net growth in value of the property investments) factors.
- b) Achieve a "cash" yield sufficient to meet the forecast annual costs of interest, administration, capital expenditure (minor works) and net distribution. This will be based on a rolling 5 year cash flow forecast.
- c) Achieve minimum net growth in the *Property Investment Pool's* NTA of 3% per annum after cash distributions of 6% per annum.

Investments are to be managed on the following basis by the Property Sub Committee reporting to the Trustees and taking into consideration:

1. As to property and monies subject to specific trusts this policy shall be read and construed and take effect subject to the conditions of such trusts.
2.
 - (i) Property assets now held or which may in the future be held by The Perth Diocesan Trustees on behalf of various trusts and which have been identified by the Trustees to be included in a common property pool (herein and hereinafter to be known as the "Property Investment Pool") and shall be invested by the Trustees from time to time with the perpetual nature of the trust funds in view.
 - (ii) The monies constituting the Property Investment Pool may be invested in accordance with the powers conferred on the Trustees by act of legislature 52 Victoria No 2 and The Diocesan Trustees Statute 2016.
 - (iii) Investments heretofore and hereafter made from monies forming part of the Property Investment Pool shall be deemed to have been or be made in the name or on account of a particular trust. The Trustees shall keep an account in its books showing at all times the initial value of assets at the time of contributed into the pool by each trust and the amount of the pooled returns (retained capital gains/loss and income) being at credit in the Property Investment Pool on account of each trust.



- (iv) Any capital profits or losses upon realisation of any asset in the Property Pool shall be credited or debited (as the case may require) to the Property Investment Pool and be in proportion to the current amount for the time being at credit in the Property Investment Pool on account of each trust and added to or deducted from the several amounts at credit in the Property Investment Pool at the time of such realization.
 - (v) The net returns (income and net capital gains/losses) received from the investments in the Property Investment Pool shall be credited to the Property Investment Pool and be in proportion to the current amount for the time being at credit in the Property Investment Pool on account of each trust and added to or deducted from the several amounts at credit in the Property Investment Pool at the time of receipt.
 3.
 - (i) The Trustees may in its discretion at 30 April annually (or the last business day of April) withdraw from the Property Investment Pool any amount at credit in the Property Investment Pool on account of any beneficiary or receive amounts deposited into Property Investment Pool on account of any current or new beneficiary or trust.
 - (ii) In respect of each amount withdrawn from the Property Investment Pool the beneficiary in respect of which such withdrawal is made shall as from the date of such withdrawal cease to have any claim to accruing capital or income from the Property Investment Pool in respect of the amount withdrawn.
 - (iii) If for the purpose of providing for any withdrawal by any beneficiary any asset is realized then for the purpose of this section that part of the monies arising from such realization shall be returned to:
 - the beneficiary of the particular asset realized; the initial value of assets at the time of contributed into the pool. This beneficiary may choose to re invest the whole or any part of this amount back into the Property Investment Pool at that time.
 - the beneficiary making the withdrawal in proportion to the current amount for the time being at credit in the Property Investment Pool as is equal to the amount of income/capital gains accrued on such investment.
 - (iv) On 1 May annually (or the last business day of April) on which there shall be any withdrawal from the Property Investment Pool the Trustees shall determine the value of the Investments in the Property Investment Pool with regard to the accrued income thereon .
 - (v) The Trustees will determine an annual distribution rate based on a percentage of estimated assets as at 30 April annually and shall be distributed by the Trustees to the beneficiaries entitled by paying an equal rate in proportion to the current amount for the time being at credit in the Property Investment Pool on account of each trust. Distribution will be paid by equal amounts on the following 31 October and 30 April annually (or the proceeding business day);
 4. The determinations from time to time made under the preceding sub-sections of this Policy shall be binding on all beneficiaries of the Property Investment Pool and shall be reflected from time to time in the current amount for the time being at credit in the Property Investment Pool on account of each trust.
 5. The management costs attendant upon the operation of the Property Investment Pool shall until otherwise varied by a resolution of the Trustees be levied on the beneficiaries at the rate of six per centum of the net annual distribution amount from the Property Investment Pool and such percentage shall be credited to the Diocesan Office working account as a contribution towards the expenses of administration.



6. Any distribution income to which a beneficiary is entitled but which is held by the Trustees at the request of the beneficiary may be re- invested by the Trustees into the Property Investment Pool on behalf of the beneficiary.
7. The Trustees may borrow against the Property Investment Pool assets no more than 25% of the Property Investment Pool assets providing interest cover is greater than 2.00 times (Interest Cover = [Income – Overheads] / Interest Expense).
8. In this Policy, a reference to withdrawal by or payment to a beneficiary includes application for the purposes of a trust.