



# Preference Equity, 55 William Street, Double Bay

## Executive Summary

June 2024  
DBY11\_PE

# 16.0% or 18.5% p.a.

FIXED RATE RETURN (DEPENDING ON THE  
INVESTOR RETURN OPTION SELECTED)

# November 2025

FORECAST REDEMPTION DATE

Pallas Capital invites eligible investors to participate in a preference equity investment opportunity in relation to a project located in Double Bay.

## Project

The Property is located at 55 William Street, Double Bay NSW 2025, with a total site area of about 596 sqm. There are currently four apartments on the Property. The 55 William Street Trust (**Developer**) has agreed to purchase those apartments under a put and call option.

The William Street Capital Trust is the issuer of the Preference Units. The net proceeds of the issue will be loaned to the Developer, to enable it to make payments under the various option agreements and to meet other project costs.

The Fortis team has been appointed as the Development Manager and will oversee the project team including the coordination and preparation of the Development Application for the project.

A preliminary architectural design and technical consultant advice has been obtained, supporting re-development of the site into two, three-storey luxury duplexes with carparking provided on ground level. The scheme will be substantially compliant with town planning controls.

The interiors will be designed to a luxury standard, commensurate with the buyer demand in this prestigious eastern suburbs location.

The Project has an estimated gross realisable value of \$28 million (incl. GST) and a projected profit of about \$4.0 million.



Double Bay Wharf

## Status and Investment Timeline

The Put and Call Option provides for settlement of the purchase of the Property within 16 months. Accordingly, settlement of that purchase is expected to occur in November 2025.

The Fortis team anticipates obtaining Development Approval in about September 2025, with the expected date of commencement of construction works to be about November 2025.

Investors may elect to be redeemed at commencement of construction works, giving an expected investment term of about 16 months for investment monies received in June 2024 and a shorter period for investment monies received thereafter. The investment maturity date is 31 March 2026.

## Project Team

**Development Manager** Fortis

**Architect** MHNDU

## Purpose

To lend monies to the Developer, which will apply those monies to support the purchase of the Property and to fund other project costs.



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### Investment

Preference units of \$1.00 each in the William Street Capital Trust.

Preference units will be issued progressively during the Investment Term. The total Issue Size will not exceed 90% of the total net realisable value as shown in the most recent feasibility analysis minus the total monies owed by the Trust and secured by the Property.

### Investor Return

Option 1: 16.0% p.a. comprising a 6.0% p.a. quarterly coupon and 10% p.a. top-up payment on redemption.

Option 2: 18.5 % p.a. comprising a single payment on redemption.

### Guarantee

The return of capital subscribed in preference units is jointly and severally guaranteed by the Sponsors that stand behind the Issuer.

### Maturity Date

31 March 2026

### Exit Strategy

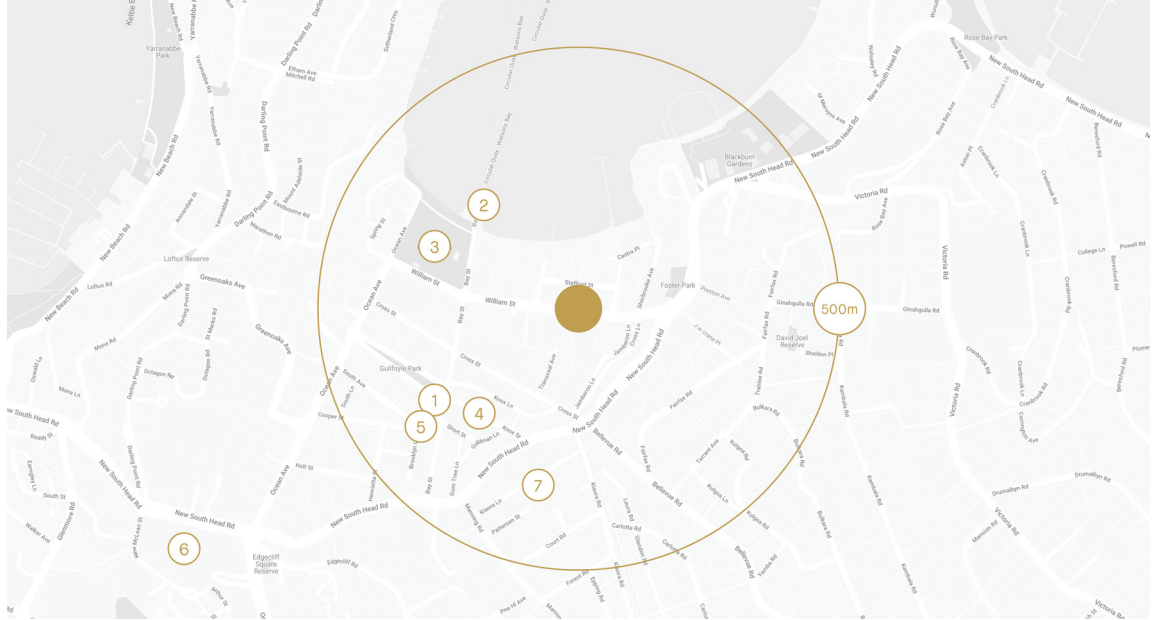
The Trust is expected to obtain construction funding to deliver the Project in around November 2025 at which time the holders of Preference Units may elect to be redeemed, such redemption to be funded by a combination of bank debt and mezzanine debt and/or equity provided by the Sponsors.



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### Property Location

The Property is located in Sydney's premium residential suburb, Double Bay, with surrounding suburbs including Bellevue Hill, Woollahra, Elizabeth Bay and Paddington.

Double Bay is located approximately 5km east of the Sydney Central Business District and is within the Local Government Area administered by Woollahra Council.

The Property is conveniently located and is well connected, enabling a seamless integration of lifestyle and practicality from only a few minutes' walk. Double Bay's luxury shopping precinct, cafés and beaches are minutes away, along with the Edgecliff Station, Double Bay Wharf and numerous bus stops. The Property is sitting on a rectangular allotment and is north facing onto William Street which will allow for an efficient design and usability.

### Nearby Amenities

- 1) Margaret
- 2) Double Bay Wharf
- 3) Steyne Park
- 4) Cosmopolitan Shopping Centre
- 5) Royal Oak Hotel
- 6) Edgecliff Station
- 7) Kiaora Lane & Woolworths Shopping Precinct



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### About Pallas Capital

Pallas Capital is a debt and equity fund manager specialising in the finance of Commercial Real Estate in Australia and New Zealand. By offering investments in such loans, it allows private capital to access attractive returns relative to risk in an asset class not widely accessible previously.

With offices in Sydney, Melbourne, Brisbane, and Auckland, Pallas Capital has originated and managed more than \$4.5 billion across over 650 transactions in the past nine years, with a current loan book in excess of \$2.0 billion. With a flawless track record of capital preservation, Pallas Capital has already returned over \$2.5 billion to investors with no loss of capital or interest on any investment.

### Who can Invest?

Pallas Capital products are only available to wholesale clients (including sophisticated and professional investors) within the meaning of Section 761G of the Corporations Act 2001 (Cth.). Typically, this can be satisfied by an Accountant's Certificate that certifies that the investor has:

- a) Net Assets in excess of \$2.5 million, or
- b) Gross Income in excess of \$250,000 p.a. for each of the last two financial years.

### What Investments are Available?

Pallas Capital offers a range of options for investors seeking to invest beyond traditional asset classes and unlock differentiated opportunities through Commercial Real Estate finance. These include:

- diversified pooled first mortgage portfolio investments;
- bespoke first and second mortgage investments; and
- preference equity and ordinary equity investment offerings in real estate development projects.

### What is the Investment Term?

Typically, loan participations and preference equity investments are between six months and two years in term. Ordinary equity investments may extend to three years.

### Do the Investment Products Provide Liquidity or Distributions?

For debt investments, interest is paid monthly or quarterly in arrears. Generally, the coupon paid in respect of preference equity is payable on final redemption. Ordinary equity returns are paid upon redemption at the end of the relevant project.

By virtue of the asset class and the structure of these products, these investments are illiquid in nature and redemptions during the investment term are not possible.

#### Sydney Office (HQ)

Pallas House Sydney Level 5, 30-36 Bay Street  
Double Bay NSW 2028

#### Melbourne Office

Level 1, 67 Palmerston Crescent  
South Melbourne VIC 3205

#### Brisbane Office

The Annex, Level 1, 12 Creek Street  
Brisbane QLD 4000

#### Auckland, New Zealand

Level 7, Suite 7.2, 1 Albert Street  
Auckland NZ 1010

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### Legal Notice

This Executive Summary (**ES**) dated June 2024 is issued by Pallas Capital Pty. Limited (ACN 616 130 913) (**Arranger**) in relation to the issue of Units in the William Street Capital Trust (**Issuer**).

The Arranger is issuing this ES as the corporate authorised representative (ASIC No. 001257625) of Pallas Funds Pty. Limited (ACN 604 352 347), the holder of AFS Licence number 473475.

Pallas Funds Pty. Limited (ACN 604 352 347) is the trustee of the Issuer, and the issuer of the Units.

The Arranger will issue an Information Memorandum (**IM**) setting out in detail the offer to subscribe for Units and investors should review this document carefully.

The Trust is an unregistered unit trust.

### No Previous Offers

This ES supersedes any and all other offer documents or purported offer documents offering investment in the Trust. This includes but is not limited to any flyer or pre-ES marketing material that has been issued and refers to the Trust.

### No Disclosure Required

This ES is not a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (Cth.) (**Corporations Act**), and is not required to be, and has not been, lodged with the Australian Securities and Investments Commission (**ASIC**) or any other government body.

This ES is only made available to 'wholesale clients' (as defined in the Corporations Act) (**Eligible Investor**) receiving this ES in Australia and where any offer of an investment in the Trust would not require disclosure under Part 6D.2 or Part 7.9 of the Corporations Act. The offer to subscribe for Units in the Trust does not constitute an offer to any retail client (as defined in the Corporations Act).

### Foreign Jurisdictions

This ES does not constitute an offer, invitation or solicitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, invitation or solicitation.

The distribution of this ES outside Australia may be restricted by the laws of other jurisdictions where it is distributed and therefore persons who come into possession of this ES should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws. The offer to subscribe for Units in the Trust is subject to the terms and conditions of this ES. In particular, this ES does not constitute an offer to sell, or the solicitation of an offer to buy, the Units in the United States. The Units have not been, and will not, be registered under the United States (**US**) Securities Act of 1933 (**Securities Act**) or under the securities laws of any State or other jurisdiction of the US and may not be offered, sold, delivered or transferred in the US or to, or for the account of, any "US Person" (as defined in Regulations under the Securities Act). Neither this ES nor the Application for Units or other material relating to the Units may be distributed in the US.

### No Responsibility for Contents

To the maximum extent permitted by law, neither any member of the Pallas Group, nor any associate, related party, director, officer, employee, advisor (including financial, accounting and legal advisors), agent or representative of that group makes any recommendation in relation to the Units or the Trust, or makes any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this ES or accepts any liability for any loss or damage arising out of the use of all or part of, or any omission, inadequacy or inaccuracy in, the information presented in this ES.

This ES does not purport to be complete or to contain all the information that a prospective investor may require in evaluating an investment in the Trust. Investments in the Trust are governed by the Trust Deed and associated documents (each as amended, varied, updated, supplemented or replaced from time to time), and nothing in this ES limits or qualifies the powers and discretions conferred upon the Issuer under those documents. This ES must be read in conjunction with the Trust Deed, the Subscription Deed, and the other documents referred to in this ES or the IM, a copy of each of which is available from the Arranger by calling +61 2 8188 1108, by email at [clientservices@pallascapital.com.au](mailto:clientservices@pallascapital.com.au), or by letter addressed to the Arranger, Pallas House, Level 5, 30-36 Bay Street, Double Bay, NSW 2028. To the extent there are inconsistencies between the Trust Deed or the Subscription Deed or the IM and this ES, those other documents will prevail over this ES.

### Forward Looking Statements

This ES contains forward-looking statements that are identified by words such as "believe", "intend", "estimate", "expect", "anticipate", "predict", "target", "outlook", "guidance", "forecast" and other words of similar meaning that involve risks and uncertainties. All forward-looking statements, including those regarding the Trust's financial position and investment strategy, are subject to factors that could cause the performance of the Trust to differ materially from that expressed or anticipated in these statements.

The forward-looking statements in this ES are based on numerous assumptions regarding the Trust's present and future operations and investment strategies and the markets in which the Trust operates, and not all of these assumptions are referred to in this ES. These forward-looking statements are current only at the date of this ES. There is no assurance that such statements, estimates or projections will be realised or will apply in the future and therefore they should not be relied upon as indicative of future matters.

### No Advice

The information provided in this ES is general in nature and does not take into account your personal objectives, financial situation or needs. It does not constitute tax, legal or investment advice and is not a recommendation to invest. An investment in the Trust is speculative and may not be appropriate for all investors. You should seek independent legal, investment and tax advice tailored to your own needs before deciding whether to invest in the Trust.

### Risk

An investment in the Trust is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Further information in relation to the risks associated with an investment in the Trust is contained in the section 'Risks' of the IM.

Investors in the Trust are not entitled to 'cooling off' rights under the Corporations Act or otherwise. The Issuer is not obliged to accept applications and reserves absolute discretion in limiting or refusing any application.

### Limitation of Liability

Except in certain circumstances (including fraud, gross negligence or default by the Issuer), the Issuer enters into transactions for and on behalf of the Trust in its capacity as trustee of the Trust only, not in its own capacity, and its liability in relation to those transactions is limited to the assets of the Trust.

### Disclosure of Interests

The Arranger and its related entities may acquire Units on the same terms and with the same rights as other Investors.

### Updated Information

The information contained in this ES is up-to-date at the time of preparation, and some of the information may change from time to time. The Arranger may change this ES from time to time without notice and does not have any obligation to update the contents of this ES. The IM, when it is issued, will contain information that is up-to-date at the time of issue of that document.

Email us at [clientservices@pallascapital.com.au](mailto:clientservices@pallascapital.com.au) or call us on +61 2 8188 1108 to obtain updated information.

### Confidentiality

Information contained in this ES is confidential proprietary information to the Arranger and the Issuer and may not be copied, reproduced or redistributed, directly or indirectly, in whole or in part, to any person in any manner. Use of any information in this ES for a purpose other than assessing the making, or the making of an investment in the Trust is not permitted. The Arranger and the Issuer reserve all rights to take connection with any breach of this restriction.

### Glossary, Images & Currency

Certain capitalised words and expressions used in this ES are defined in the Glossary.

Photographs are not assets of the Trust unless otherwise indicated. Any diagrams, charts, graphs, tables and computer graphic imagery are illustrative only, may not be drawn to scale and may not accurately represent the final appearance of its subject matter.

All dollar amounts are in Australian dollars, unless otherwise indicated.