



June 2024
RCH01_PE

Preference Equity, Richmond

Executive Summary

18.5% p.a.

FIXED RATE RETURN PAID AT REDEMPTION OR

16.0% p.a.

PAID QUARTERLY

December 2026

FORECAST REDEMPTION DATE

Pallas Capital invites eligible investors to participate in a preference equity investment, supported by a substantial mixed-use development in Richmond, one of Melbourne's premium city-fringe suburbs with high-quality retail, school, transport and life-style amenity.

Project

All Planning Permits required for the Project have been obtained and the builder has commenced work on site. To-date the Developer has achieved legally binding Agreements for Lease or exchanges of contracts of sale over premises with a total value of approx. \$23.5 million.

The Project is mixed-use development known as 'Wiltshire House' that will deliver two residential towers over a two-level commercial podium, ground floor retail tenancies and 3-level basement parking (**Project**), see wiltshirehouse.com.au. The buildings will be constructed over a consolidated site of 2,700 sqm located at 2 – 8 Brighton Street, 1 and 5 Little Lesney, and 1–3, 5 and 9 Wiltshire Street, Richmond VIC 3121 (**Property**).

The buildings to be constructed have been designed by renowned architects, SJB.

'Tower A' with a Wiltshire Street frontage will accommodate 52 apartments over 9 levels whilst Tower B with a Brighton Street frontage will accommodate 55 apartments over 8 levels. The towers will share the two-level podium that houses commercial tenancies of approx. 4,200 sqm of Net Lettable Area (NLA) and ground floor retail tenancies totalling about 1,100 sqm of NLA.

Wiltshire House represents a unique placemaking concept that fosters a sense of community through a refined luxury lifestyle, meticulously selected dining opportunities, together with retail and wellness spaces.

The Project has an estimated gross realisable value of approx. \$325 million (incl. GST) and a projected development profit of approx. \$53 million.

Project Status

The Sponsors have obtained the Planning Permits for the Project and settled each parcel of land making up the Property.

So far, the Developer has only offered apartments in Tower B for sale. The forecast value of the completed Project is supported by the achieved sale rates to date with the Developers having made 11 qualifying pre-sales to-date and one related party pre-sale with a total gross sales value of approx. \$13.2 million, with a further 10 holding deposits over other apartments. The sale prices are in-line with asking prices which are setting a new benchmark for residential apartments in this location.

The Developer has also had a successful start to the leasing campaign of the retail/commercial tenancies. It has signed an Agreement for Lease (**AFL**) with Salon Lane (salonlane.com.au) for approximately 1,100 sqm of NLA of retail space across ground floor and level 1. It has also signed heads of agreements with three other retail/commercial operators covering a further 900 sqm of NLA and is in the process of converting those heads of agreement into legally binding AFLs.

Hacer has also been formally appointed as the builder for the Project under a design and construct building contract. Hacer is one of the most reputable builders in Victoria and has extensive capabilities and experience in delivering developments of a similar type and scale, see hacer.com.au.

Preference Units must be redeemed by the Maturity date, which is 31 March 2027, but this date may be extended by up to nine months if the Project is delayed.

Project Team

Development Manager	Fortis (fortis.com.au)
Architect	SJB (sjb.com.au)
Builder	Hacer (hacer.com.au)
Quantity Surveyor	WT Partnership (wtpartnership.com.au)

Purpose

To assist in funding Project costs including payment of fees to parties related to the Developer.



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Investment

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

Preference units will be issued as required 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.

Investment Timeline and Redemption

The Project is expected to be completed in around October 2026 with redemption of the Preference Units anticipated in around December 2026.

This timeline gives an expected investment term of about 29 months for investment monies received by the end of July 2024 and a shorter period for investment monies received thereafter.

Investor Return

18.5% p.a. comprising a single payment on redemption, or

16.0% p.a. comprising a coupon of 6.0% p.a. paid quarterly plus a payment on redemption of 10.0% p.a..

Guarantee

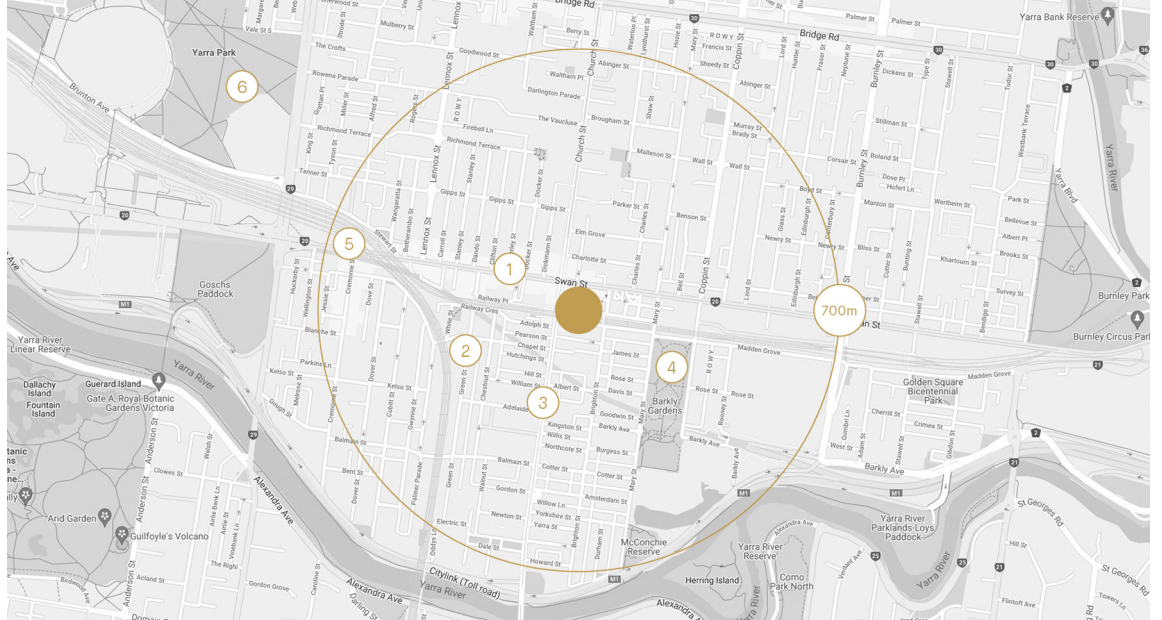
The return of capital subscribed in preference units is jointly and severally guaranteed by the Sponsors that stand behind the Developer.



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Property Location

The Property is located within the vibrant fringe suburb of Richmond, approximately 3 kilometres southeast of the Melbourne CBD.

The Property has triple frontages to Wiltshire Street, Brighton Street and Little Lesney Street, allowing views of the CBD to the west, views of Richmond Hill to the north and views of Dandenong Ranges to the east.

The suburb is positioned next to some of Melbourne's most iconic landmarks including the Yarra River, and Melbourne Cricket Ground. Richmond is a highly desirable location with a mix of residential warehouse conversions and terrace houses supported by the lively Swan Street, and Church Street retail and commercial precincts.

The Property is well serviced by public transport with East Richmond Train Station, Richmond Train Station, and the no.70 Tram providing direct access into the Melbourne CBD. Local Park, lifestyle, and cultural amenities are abundant within the area with the Swan Street and Church Street Retail and Commercial Precincts, Melbourne Cricket Ground, and prestigious schools all positioned within the immediate and surrounding suburbs.

Nearby Amenities

- 1) Swan Street Retail & Commercial Precinct
- 2) East Richmond Station
- 3) Church Street Retail & Commercial Precinct
- 4) Barkly Gardens
- 5) Richmond Station
- 6) Melbourne Cricket Ground



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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.

With offices in Sydney, Melbourne, Brisbane, and Auckland we have 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 almost \$2.5 billion to investors with no loss of capital or interest on Pallas investments.

Who can Invest?

Pallas Capital products are only available to wholesale clients 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 investments in:

- c) diversified pooled first mortgage loans;
- d) bespoke first and second mortgage investments; and
- e) preferred 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. For preference equity, a trust distribution is generally paid on final redemption. Ordinary equity returns are paid upon redemption or completion of the investment.

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

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South Melbourne VIC 3205

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The Annex, Level 1, 12 Creek Street
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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 Brighton Street Capital Trust (**Trust**).

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 Trust (**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, a copy of each of which is available from the Arranger by calling +61 2 8188 1108, by email at 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 and this ES, the Trust Deed and the Subscription Deed will prevail.

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 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.