



Preference Equity, Wolseley Grove, Zetland

Information Memorandum

6 Wolseley Grove & 19 Gadigal
Ave, Zetland NSW 2017

May 2024
ZET01_PE



Legal Notice

This Information Memorandum (IM) is dated May 2024 and is issued by Pallas Capital Pty. Limited (ACN 616 130 913) (Arranger).

The Arranger is issuing this IM as the 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 Wolseley Grove Capital Trust No. 2 (Issuer), the issuer of the Preference Units in accordance with this IM. The Issuer intends to lend the net proceeds of the issue of Preference Units to Wolseley Grove Pty. Limited (ACN 164 823 483) as trustee of the Wolseley Grove Property Trust (Developer), which owns the Property and intends to develop it as described in this IM.

This IM provides important information for prospective investors to decide whether they want to invest in the Units and should be read in its entirety before making any investment decision. The Issuer is an unregistered unit trust.

No Previous Offers

This IM represents the entire offer with respect to an investment in Units issued by the Issuer and supersedes any and all other offer documents or purported offer documents offering investment in the Issuer. This includes but is not limited to any flyer or pre-IM marketing material that has been issued and refers to the Issuer.

No Disclosure Required

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

Legal Documents to Prevail

The transactions described in this IM are governed by the documents referred to in this IM including in Section 8.0 - Documentation and Further Information.

This IM provides a summary of those transactions but does not attempt to set out all of the terms thereof. Accordingly, in the case of any conflict between this IM and those legal documents, those legal documents will prevail.

Foreign Jurisdictions

This IM 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 IM outside Australia may be restricted by the laws of other jurisdictions where it is distributed and therefore persons who come into possession of this IM 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 Issuer is subject to the terms and conditions of this IM. In particular, this IM 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 IM 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 Issuer, or makes any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this IM 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 IM.

This IM does not purport to be complete or to contain all the information that a prospective investor may require in evaluating an investment in the Issuer. Investments in the Issuer are governed by the Issuer Trust Deed and associated documents (each as amended, varied, updated, supplemented or replaced from time to time), and nothing in this IM limits or qualifies the powers and discretions conferred upon the Issuer under those documents. This IM must be read in conjunction with the Issuer Trust Deed, the Subscription Deed and the other documents referred to

in this 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, 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 Issuer Trust Deed or the Subscription Deed and this IM, the Issuer Trust Deed and the Subscription Deed will prevail.

Forward Looking Statements

This IM 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 Issuer's financial position and investment strategy, are subject to factors that could cause the performance of the Issuer to differ materially from that expressed or anticipated in these statements.

The forward-looking statements in this IM are based on numerous assumptions regarding the Issuer's present and future operations and investment strategies and the markets in which the Developer and/or the Issuer operates, and not all of these assumptions are referred to in this IM. These forward-looking statements are current only at the date of this IM. 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 IM 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 Issuer 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 Issuer.

Risk

An investment in the Issuer 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 Issuer is contained in the Section headed 'Risks' in this IM.

Investors in the Issuer 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 Trustee enters into transactions for and on behalf of the Issuer in its capacity as of the Issuer only, not in its own capacity, and its liability in relation to those transactions is limited to the assets of the Issuer.

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 IM 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 IM from time to time without notice and does not have any obligation to update the contents of this IM. If a change is considered materially adverse to investors, the Arranger will issue a replacement IM and notify investors within three months of the change occurring. Email us at clientservices@pallascapital.com.au or call us on +61 2 8188 1108 to obtain updated information.

Confidentiality

Information contained in this IM 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 IM for a purpose other than assessing the making of an investment in the Trust is not permitted.

The Arranger and the Issuer reserve all rights in connection with any breach of this restriction.

Glossary, Images & Currency

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

Photographs are not assets of the Issuer (or the Developer) 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.

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Glossary

Application for Units	The application form is available to Eligible Investors on request (please email to clientservices@pallascapital.com.au).
Arranger	Pallas Capital Pty. Limited (ACN 616 130 913), the person making the offer to invest in Units pursuant to this IM.
Building	The building(s) to be constructed or refurbished on the Property pursuant to the Project.
Construction Loan	The construction loan(s) to be arranged to enable the Developer to undertake the Project (see Section 4.0 – Financial Analysis).
Coupon	A trust distribution by the Issuer in respect of each Preference Unit, representing a return on the Subscribed Value calculated at the Coupon Rate over the Investment Term in respect of that Unit. The Coupon (if any) will be paid on each Quarter Payment Date and on the Redemption Date.
Coupon Rate	The Coupon Rate (if any) in respect of each Preference Unit will be notified by the Issuer prior to issue.
Current Issue	The issue of Preference Units on or before 30 June 2024 as described in this IM.
Developer	The Developer Trustee acting in its capacity as trustee of the Wolseley Grove Property Trust.
Developer Trustee	Wolseley Grove Pty. Limited (ACN 164 823 483) as Trustee for Wolseley Grove Property Trust.
Developer Trust Deed	The deed by the Developer Trustee dated 1 October 2013 and which created the Wolseley Grove Property Trust.
Development Management Agreement	The agreement dated 13 May 2024 between the Developer and Fortis, whereby Fortis was appointed as the development manager for the Project (as amended from time to time).
Development Profit	The net profit generated by the Project after payment of all costs but before payment of the Coupon (if any) and the Top-up Coupon (see Section 4.1 – Profit Analysis).
Eligible Investor	A wholesale client as defined in Section 761G of the Corporations Act, or a sophisticated investor as defined in Section 761GA of that Act.
Feasibility Analysis	The most recent detailed forecast of costs and revenue relating to the Project prepared by the Developer from time to time.
Fortis	Fortis Development Group, a business name of Pallas Development Management Pty. Limited (ACN 616 131 090), a member of the Pallas Group.
Guarantee	The guarantee by the Guarantors of the repayment of the Subscribed Value upon the redemption of any Preference Unit. This guarantee is contained in the Subscription Deed.
Guarantors	The family trusts associated with the Directors of the Issuer (see Section 6.2 – Corporate Structure).
IM	This Information Memorandum.
Investment Term	In respect of each Unit, the period from the date on which the Issue Price is received in relation to that Unit until the Redemption Date. This period is expected to be about 19 months in relation to Units issued in May 2024, and a correspondingly shorter period in relation to Units issued later. The Issuer must redeem all of the Preference Units on or before the Maturity Date, which is 31 March 2026. However, the funding of the redemption of the Units depends on completion of the Project, and the Issuer has the right to extend the Maturity Date by up to nine months as required. The Preference Units may be redeemed at any time if the Issuer exercises its right of early redemption as described in Section 5.3 – Early Redemption .

1.0 Glossary (Continued)

Investor	A person who subscribes for Units to be issued in accordance with this IM.
Issue	The issue of Preference Units by the Issuer from time to time.
Issuer	The Wolseley Grove Capital Trust No. 2 established by the Issuer Trust Deed.
Issuer Trustee	Pallas Funds Pty. Limited (ACN 604 352 347) acting in its capacity as trustee of the Issuer.
Issuer Trust Deed	The deed by the Issuer Trustee dated 26 April 2024 and which created the Issuer.
Issue Price	\$1.00 per Unit.
Maturity Date	31 March 2026 subject to extension by the Issuer by a period of up to nine months in the event of delays to the Project.
NSA	Net Saleable Area, being the internal area of strata Residences that are included in the calculation of sale price, which excludes balconies, common areas and car parking.
Ordinary Unit	Each ordinary unit issued by the Issuer, having the rights and other characteristics notified by the Issuer prior to their issue and as attributed to them in the Issuer Trust Deed, the Subscription Deed and this IM.
Pallas Group	Pallas Group Pty. Limited (ACN 618 981 892) and each of its subsidiaries, including the Arranger.
Performance Fee	The performance fee payable to Fortis as described in Section 2.9 – Pallas Group Fees .
Preference Unit	Each Preference Unit issued by the Issuer, having the rights and other characteristics notified by the Issuer prior to the issue of those Preference Units and as attributed to them in the Issuer Trust Deed, the Subscription Deed and this IM.
Profit Distribution	A trust distribution to be made by the Issuer in respect of each Ordinary Unit representing a pro rata share of the Project Profit.
Project	The development of the Property by the Developer, including settlement of the purchase of the Property, construction and/or refurbishment of the Residences and the payment of all debts of the Developer in relation thereto.
Project Profit	The profit generated by the Project after payment of all costs and the Coupon (if any) and Top-up Coupon in relation to the Preference Units (see Section 4.1 - Profit Analysis).
Property	The property situated at 6 Wolseley Grove and 19 Gadigal Avenue, Zetland NSW 2017 and totals 2,791 sqm in area.
Record Date	In respect of the redemption of: a) Preference Units, a date(s) following completion of the Project to be determined by the Issuer and notified to the Preference Unit Holders; and b) Ordinary Units, a date(s) following redemption of all Preference Units to be determined by the Issuer and notified to the Ordinary Unit Holders.

1.0 Glossary (Continued)

Redemption Date	<p>The date(s) on which the Issuer will redeem the Units.</p> <p>In the case of the Preference Units, the redemption date is a date(s) to be determined by the Issuer following completion of the Project and notified in writing to Preference Unit Holders.</p> <p>Currently this date is expected to be in or about December 2025.</p> <p>The Preference Units must be redeemed on or before the Maturity Date.</p> <p>The Ordinary Units will be redeemed after the completion of the Project and redemption of all Preference Units.</p> <p>The Units may be redeemed at any time if the Issuer exercises its right of early redemption as described in Section 5.3 – Early Redemption.</p>
Redemption Amount	<p>In respect of each Preference Unit, an amount representing the sum of the Subscribed Value, any unpaid amount of the Coupon (if any) and the Top-Up Coupon.</p>
Residences	<p>The residential strata units to be refurbished, as described in Section 3.4 – Value of the Building.</p>
Subscribed Value	<p>In respect of each Unit, the Issue Price paid to acquire the Unit less any repayment of principal made during the Investment Term.</p>
Top-up Coupon Rate	<p>The Top-up Coupon Rate is:</p> <ul style="list-style-type: none">a) 10.0% per annum in respect of each Preference Unit (if any) issued on terms that entitle the holder of that Unit to also receive a Coupon; andb) 18.5% per annum in respect of each other Preference Unit, <p>in both cases, issued on or before 30 June 2024 unless otherwise determined by the Issuer prior to the date of issue.</p>
Transaction Documents	<p>The documents referred to in Section 8.0 – Documentation & Further Information or elsewhere in this IM.</p>
Trust Loan	<p>The loan made by the Issuer to the Developer pursuant to the agreement dated 10 May 2024 (Trust Loan Agreement).</p>
Unit	<p>Any or all of the Ordinary Units and the Preference Units (as the context requires).</p>
Unit Holder	<p>Each holder of a Unit from time to time and, in relation to the redemption of that Unit, means the person(s) registered as the holder(s) of the relevant Unit at 5:00 pm on the Record Date.</p>
Valuation Opinion	<p>The valuation opinion letter by Property Logic, Valuers dated 14 May 2024 and described in Section 3.4 – Value of the Completed Building.</p>

2.0 Investment Overview

2.1 The Offer

The Issuer intends to issue approx. 11 million Preference Units of \$1.00 each as part of the Current Issue. The Issuer will lend the net proceeds of this Issue to the Developer pursuant to the Trust Loan.

This IM describes the offer to invest in Preference Units in the Issuer. This offer is made to Eligible Investors by the Arranger (www.pallascapital.com.au).

The Issuer Trustee may increase or reduce the number of Units to be issued as the Project progresses.

The Issuer will apply the net proceeds of the issue of Preference Units in making advances to the Developer pursuant to the Trust Loan. In turn, the Developer will apply monies advanced under the Trust Loan to undertake the Project and otherwise as described in **Section 4.2 – Application of Proceeds of the Issue**.

The Issuer will fund the redemption of the Preference Units out of payments by the Developer pursuant to the Trust Loan Agreement. The Developer will fund such payments out of the net proceeds from the sale of the Residences (see **Section 4.3 – The ‘Waterfall’**).

The anticipated redemption date is in about December 2025, giving an Investment Term of about 19 months for Units issued in May 2024, and a correspondingly shorter period for Units issued later.

The Issuer must redeem all Preference Units by the Maturity Date, which is 31 March 2026, although the Maturity Date may be extended by the Issuer by up to nine months in the event of delays to the Project. The Ordinary Units will be redeemed after redemption of the Preference Units.

Upon redemption, the Issuer will pay the Redemption Amount in respect of each Preference Unit, namely an amount representing the sum of the Subscribed Value, any unpaid amount of the Coupon (if any), and the Top-up Coupon. The total return on each Preference Unit (not participating in Coupon payments, if any) will be 18.5% per year during the Investment Term.

Preference Units will rank ahead of all Ordinary Units in respect of distributions of both income and capital.

In addition, in the Subscription Deed the Guarantors have unconditionally and jointly and severally guaranteed the repayment of the Subscribed Value in relation to each Preference Unit, upon the redemption of each such Unit.

The Issuer Trustee and certain other persons involved in the Project are members of the Pallas Group (see **Section 6.2 – Corporate Structure**).

The Issuer is a unit trust not registered with ASIC.

2.2 Overview of the Project

The Property is located at 6 Wolseley Grove and 19 Gadigal Avenue, Zetland NSW 2017. The Property occupies about 2,791 sqm of land in total.

The Property features a completed residential building with 59 apartments across two stratum:

- a) the lower stratum on levels 1 and 2 (29 apartments, referred to as the **Lower Apartments**) was completed in 2015; and
- b) the upper stratum on levels 3 and 4 (30 apartments) was completed in 2009; each apartment in the upper stratum (together referred to as **The Lofts**), is a separate strata unit.

The 29 Lower Apartments are tenanted and generate about \$960,000 per annum in net rental income. The apartments in The Lofts are vacant as defective building works resulted in those apartments being uninhabitable; these defective works have not affected the 29 Lower Apartments.

The Developer owns all of the Lower Apartments and six of the apartments in The Lofts. It has agreed to purchase the remaining 24 apartments in the Lofts (see **Section 3.2 – Purchase Agreements**) and intends to carry out works to refurbish both the upper and lower apartments. The Developer intends that these works will be approved under a Complying Development Certificate.

When completed, the refurbished building will comprise 59 apartments over basement car parking with about 40 car spaces. It will house total Net Saleable Area of about 4,539 sqm.

The Developer will appoint an experienced and reputable builder for the construction works. It is expected that the builder will commence construction in about October 2024 and complete these works in about November 2025. Off-the-plan sales of the Residences are expected to commence in about February 2025.

Of course, many aspects of the Project are outside the control of the Developer, so the achievement and anticipated timing of future milestones set out in this IM is not guaranteed.

The Project has an estimated gross realisable value of approx. \$88.8 million and a projected Development Profit of about \$11.8 million (see **Section 3.5 – Value of the Completed Project**).

2.0 Investment Overview (Continued)

2.3 Application for Preference Units and Payment of Issue Price

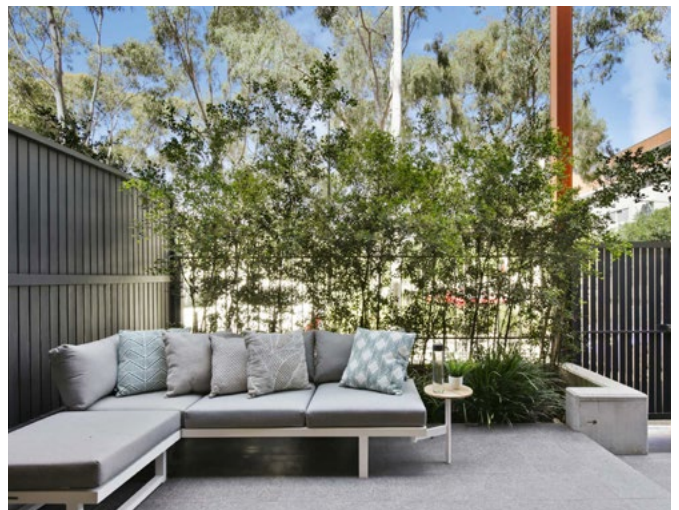
A person wishing to take up Preference Units as part of the Current Issue needs to complete an Application for Preference Units and return it to the Arranger by 5:00 pm on 30 June 2024 or such later date as the Issuer determines.

An Application for Preference Units should be returned either to:

Pallas Capital,
Level 5, Pallas House, 30-36 Bay Street,
Double Bay NSW 2028
Or, electronically to: clientservices@pallascapital.com.au

Your application is only effective once you have also paid the total of the Issue Price relating to the number of Preference Units for which you have applied. If the number of Preference Units allocated to you is less than the number for which you have applied, the Arranger will promptly return the excess monies to the bank account nominated by you.

Please note that your application for Preference Units and payment of the total Issue Price is an irrevocable offer by you to invest on the terms of this IM and the Transaction Documents. Notification by the Arranger of the number of Preference Units allocated to you is an acceptance of your offer in relation to those Units. The commencement date for the calculation of the Coupon in respect of each Preference Unit (if applicable) will be the date of receipt of cleared funds in relation to that Unit.



2.0 Investment Overview (Continued)

2.4 Minimum Investment

\$50,000, however, the Issuer may accept lesser amounts in its absolute discretion.

Investment in Preference Units pursuant to this IM is only open to Eligible Investors.

2.5 Investment Timelines & Milestones

Subject to the matters set out in this IM, the Issuer expects to redeem the Preference Units in about December 2025, giving an anticipated Investment Term of about 19 months.

The following timeline provides estimates for key dates during the Investment Term. As many aspects of the Project are outside the control of the Developer, so the achievement and the anticipated timing of achieving each milestone is not guaranteed.

Project Milestones	Approximate Date
Settlement of purchase of remaining lots in the Property	August - November 2024
Grant of a Complying Development Certificate BY PC	September 2024
Builder Appointed	September 2024
Construction Commencement	October 2024
Marketing of the Residences	February 2025
Construction Completion	November 2025
Settlement of Sale of Residences	December 2025

2.6 Distributions & Liquidity

The Issuer expects to redeem the Preference Units in about December 2025.

It must redeem the Preference Units on or before the Maturity Date, which is 31 March 2026, although it may defer redemption by up to nine months if the Project is delayed. The Ordinary Units will be redeemed after the completion of the Project and redemption of all Preference units.

Given the nature of the Project, an investment in the Issuer is illiquid and Investors cannot withdraw the monies subscribed by them for Preference Units during the Investment Term.

An Investor may transfer Preference Units to a third person at any agreed price, if approved by the Issuer. However,

Preference Units are not listed, or tradeable on any other secondary market, and the Issuer does not intend to create any such market.

2.7 Project Funding

The Project will be funded by part of the proceeds of the Issue, the Trust Loan in accordance with this IM and by the Construction Loan as described in **Section 4.5 – Funding Table Assumptions**.

The Issuer will issue Preference Units to enable it to meet the requirements of the Developer and otherwise as described in this IM. The total number of Preference Units to be issued will depend on numerous factors including investor appetite, the costs of the Project as it progresses and the amount that the Developer is able to borrow secured over the Property.

Until refurbishment of the Building commences, the Issuer will not issue Preference Units having a total Subscribed Value exceeding 85.0% of:

- c) the total net realisable value of the Residences as shown in the most recent Feasibility Analysis of the Developer; minus
- d) the total of monies owed by the Developer and secured on the Property.

The maximum percentage in the preceding paragraph may be increased to 90.0% when refurbishment of the Building has commenced.

The Issuer will fund the redemption of the Preference Units from monies received from the Developer under the Trust Loan Agreement. The Developer will, in turn, fund these payments from the net proceeds from the sale of the Residences.

2.8 Commitment of the Pallas Group

The Developer is responsible for completing the Project and has engaged Fortis as the development manager for the Project under the terms of the Development Management Agreement.

In the Deed of Undertaking the Guarantors have committed to procure additional funding for the Issuer (if required) to enable the Developer to complete the Project.

The Guarantors have also guaranteed the repayment of the Subscribed Value in relation to each Preference Unit upon redemption of that Unit.

The Directors of the Developer will provide personal guarantees in the usual form to assist the Developer in obtaining the Construction Loan on favourable terms.

2.0 Investment Overview (Continued)

2.9 Pallas Group Fees

Fortis will charge an Acquisition Fee equal to 3.5% of the amount attributed to Land in the Funding Table.

The Arranger will charge an Arrangement Fee equal to 3.0% of the monies subscribed upon the issue of Preference Units, and a market-standard loan establishment fee (or advisory/arrangement fee) for any loans managed or arranged by the Arranger.

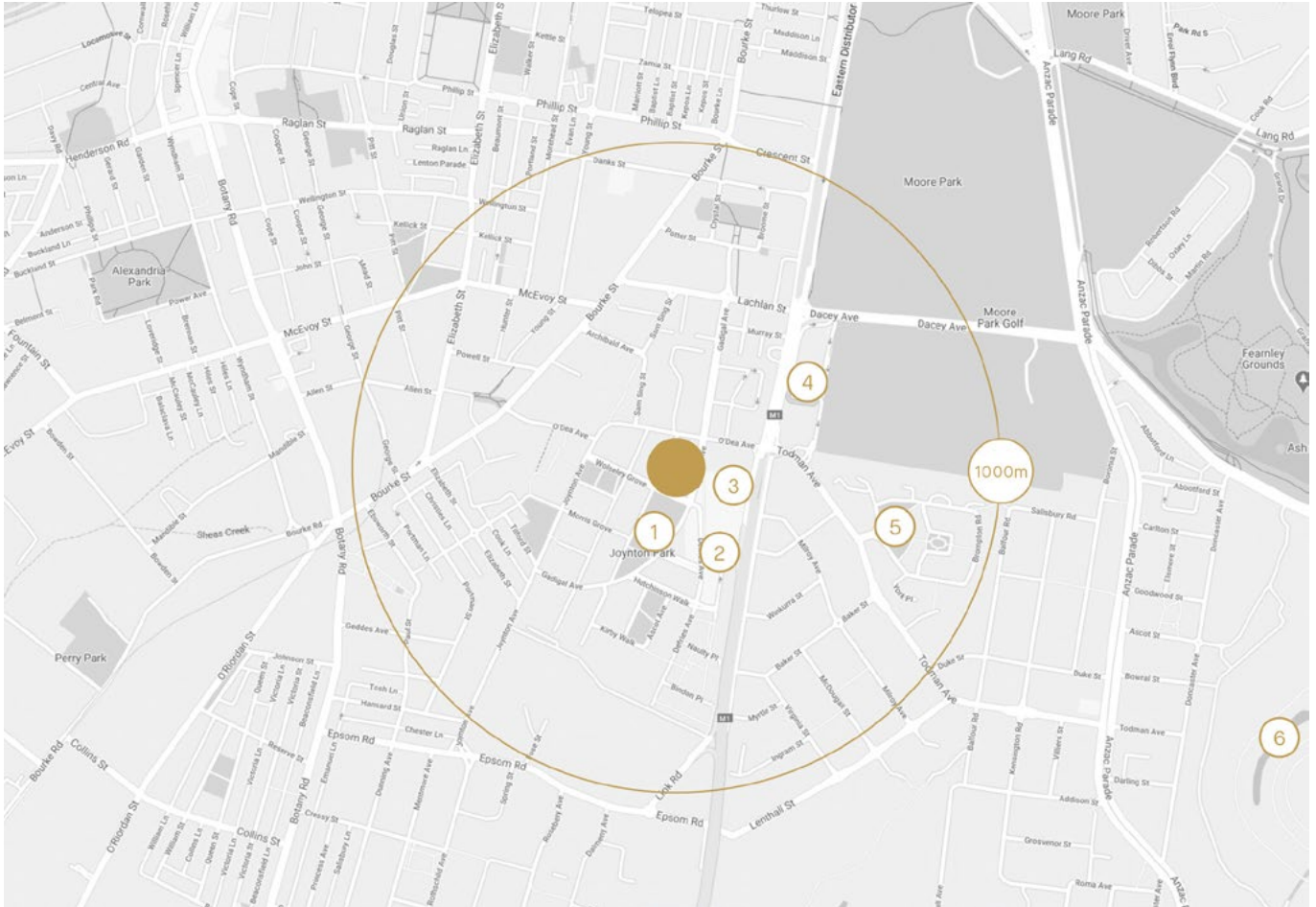
Fortis will charge a development management fee calculated at a rate of \$50,000 per month during the life of the Project.

The fees referred to above may be paid in advance.

It will also charge a Performance Fee equal to 30.0% of the Project Profit over a hurdle rate of return of 10.0% per annum.

The terms governing the calculation and payment of these fees are set out in the Development Management Agreement.

3.0 The Project



3.1 The Property and its Location

The Property is located in the highly sought-after suburb of Zetland, located approximately 4km south of the Sydney CBD within the City of Sydney Local Government Area.

Oriented south-east, the site sits within the Victoria Park locality and forms part of the eastern portion of the Green Square Precinct. The Property is located on Wolseley Grove, occupying a premium position with a large site frontage on about 2,791sqm of land.

The surrounding area is made up on commercial, retail, residential and light Industrial uses. As a result, the site benefits from a range of amenities. The Property is directly opposite the East Village Shopping Centre (the central hub of Zetland), providing easy access to supermarket cafés and restaurants. Joynton Park is located across the road on the south side of the Property, and the site also sits along the main bus route from Rosebery to Circular Quay, providing an easy commute into the CBD. The location of the Property creates a sense of community.

Nearby Amenities

- 1) Joynton Park
- 2) East Village Shipping Centre
- 3) Virgin Active Moore Park
- 4) Supa Centre Moore Park
- 5) Raleigh Park
- 6) Royal Randwick Racecourse

3.0 The Project (Continued)

3.2 Purchase Agreements

The **Wolseley Grove Property Trust (Trust)** owns 35 apartments (29 Lower Apartments and six in The Lofts) in the Building. It has entered into agreements to purchase the remaining apartments. Settlement of these purchases is expected to occur progressively between August and November 2024.

The purchase price of the remaining lots of the Property is approx. \$13.3 million, of which approx. \$11.3 million remains to be paid on settlement.

3.3 Planning Controls

The Trust anticipates commencing the works under a Complying Development Certificate (CDC) later this year.

The Developer is confident it will obtain a CDC in relation to the Property as it intends to refurbish the existing Building on a like-for-like basis.

The Developer has selected Ethos Urban as its town planning consultant due to their valuable insight and success with numerous projects within the City of Sydney Local Government Area.

3.4 The Building

The Project consists of the rectification of damage to The Lofts and a redecoration of all apartments in the Building. Accordingly, the refurbished Building will be like-for-like with the existing building on the Property.

The Building consists of 59 strata title dwellings with basement car parking for about 35 vehicles. It incorporates total Net Saleable Area of about 4,539 sqm.

The interiors will be redecorated to a standard commensurate with the market and buyer demand in this sought after inner southern suburbs location.

All of the Residences are double storey and provided with generous courtyards, terraces and/or balcony areas connecting directly with living/dining areas and bedrooms. The Residences are primarily orientated towards Joynton Park to capitalise on green leafy outlooks.

3.5 Value of the Completed Project

In its Feasibility Analysis the Developer has adopted a total value for the completed Residences of approx. \$88.8 million. This equates to an average sales rate of approx. \$19,567 per sqm of Net Saleable Area.

For the apartments in The Lofts, this valuation adopts an average value per Residence of about \$1.4 million (range of \$1.2 million to \$1.9 million), or about \$20,440 per sqm of Net Saleable Area.

For the Lower Apartments, the valuation adopts an average value per residence of about \$1.6 million (range of \$675k to \$2.5 million), or about \$18,845 per sqm of Net Saleable Area.

These values assume that the Residences are restored to an appropriate standard and well marketed for sale.

The adopted value for each of the Residences is set out in the table below.

3.0 The Project (Continued)

3.5 Value of the Completed Project (Continued)

The Lofts

Lot number	Level	Car	Internal total (sqm)	External (sqm)	Total (sqm)	Sale price	Sale rate
1	L2/L3		64	11	75	\$1,215,000	\$18,984
2	L2/L3		66	11	77	\$1,250,000	\$18,939
3	L2/L3		66	11	77	\$1,250,000	\$18,939
4	L2/L3		65	11	76	\$1,225,000	\$18,846
5	L2/L3		86	9	95	\$1,600,000	\$18,605
6	L2/L3	1	67	11	78	\$1,475,000	\$22,015
7	L2/L3	1	65	11	76	\$1,435,000	\$22,077
8	L2/L3		65	11	76	\$1,225,000	\$18,846
9	L2/L3		65	11	76	\$1,225,000	\$18,846
10	L2/L3		65	11	76	\$1,225,000	\$18,846
11	L2/L3	1	86	13	99	\$1,850,000	\$21,512
12	L2/L3	1	65	11	76	\$1,435,000	\$22,077
13	L2/L3	1	65	11	76	\$1,435,000	\$22,077
14	L2/L3		68	8	76	\$1,290,000	\$18,971
15	L2/L3	1	65	11	76	\$1,435,000	\$22,077
16	L2/L3	1	65	11	76	\$1,435,000	\$22,077
17	L2/L3	1	65	11	76	\$1,435,000	\$22,077
18	L2/L3	1	65	11	76	\$1,435,000	\$22,077
19	L2/L3	1	90	12	102	\$1,900,000	\$21,111
20	L2/L3	1	65	11	76	\$1,435,000	\$22,077
21	L2/L3	1	65	11	76	\$1,435,000	\$22,077
22	L2/L3	1	65	11	76	\$1,435,000	\$22,077
23	L2/L3		65	11	76	\$1,225,000	\$18,846
24	L2/L3	1	65	11	76	\$1,435,000	\$22,077
25	L2/L3	1	68	12	80	\$1,475,000	\$21,691
26	L2/L3		69	17	86	\$1,325,000	\$19,203
27	L2/L3		74	17	91	\$1,425,000	\$19,257
28	L2/L3		71	16	87	\$1,375,000	\$19,366
29	L2/L3		73	16	89	\$1,400,000	\$19,178
30	L2/L3		69	7	76	\$1,300,000	\$18,841
		15	2,057	347	2,404	\$42,040,000	\$20,438

3.0 The Project (Continued)

3.5 Value of the Completed Project (Continued)

Lower Apartments

Lot number	Level	Unit type (bed)	Car	Internal total (sqm)	External (sqm)	Total (sqm)	Sale price	Sale rate
1	GF/L1	1		51	9	60	\$840,000	\$16,471
2	GF/L1	1 + Study		69	12	81	\$1,250,000	\$17,361
3	GF/L1	1 + Study		77	12	89	\$1,350,000	\$17,089
4	GF	Studio		36	9	45	\$675,000	\$17,308
5	L1	1		49	12	61	\$925,000	\$16,818
6	GF	Studio		36	9	45	\$685,000	\$17,125
7	GF/L1	3	1	107	30	137	\$2,200,000	\$19,643
8	L1	3	2	138	15	153	\$2,500,000	\$17,730
9	GF	3	1	131	28	159	\$2,400,000	\$17,647
10	GF/L1	1 + Study	1	87	18	105	\$1,600,000	\$17,021
11	GF/L1	2	1	100	34	134	\$1,950,000	\$17,727
12	GF/L1	2	1	100	34	134	\$1,950,000	\$17,727
13	GF/L1	2	1	100	34	134	\$1,950,000	\$17,727
14	GF/L1	Jun-22	1	100	34	134	\$1,950,000	\$17,727
15	GF/L1	2	1	100	34	134	\$1,950,000	\$17,727
16	GF/L1	2	1	100	34	134	\$1,950,000	\$17,727
17	GF/L1	2	1	100	34	134	\$1,950,000	\$17,727
18	GF/L1	2	1	100	34	134	\$1,950,000	\$17,727
19	GF/L1	1 + Study	1	100	30	130	\$1,700,000	\$16,190
20	GF/L1	1 + Study	1	88	18	106	\$1,600,000	\$17,021
21	GF	3	1	131	35	166	\$2,350,000	\$17,279
22	L1	3	2	132	16	148	\$2,500,000	\$17,857
23	GF/L1	2	1	85	23	108	\$1,750,000	\$19,231
24	GF/L1	1+ Study		75	10	85	\$1,500,000	\$18,072
25	GF/L1	2	1	105	28	133	\$1,950,000	\$17,568
26	GF	Studio		40	14	54	\$720,000	\$17,143
27	L1	1		49	11	60	\$925,000	\$16,818
28	L1	1		50	11	61	\$925,000	\$16,818
29	GF	Studio		46	8	54	\$830,000	\$16,939
			20	2,482	630	3,112	\$46,775,000	\$17,585

3.0 The Project (Continued)

3.5 Value of the Completed Project (continued)

The Valuation Opinion, by Property Logic (valuers) adopts a Gross Realisation Value for the refurbished Residences of approx. \$88.8 million.

In its opinion, the valuer refers to the comparable sales evidence set out below

"Off the plan" residential unit sales evidence

'The Frederick' Portman Street, ZETLAND

Description

A 23 storey mixed use building by Mirvac, designed by Smart Design Studio and Mirvac Design comprising 151 residential apartments and 4 x ground level commercial/retail tenancies. The residential apartments will be configured with 35 x 1 bedroom, 2 x 1 bedroom + study, 74 x 2 bedroom, 12 x 2 bedroom + study, 23 x 3 bedroom and 4 x 4 bedroom penthouse apartments. Features and fittings include modern kitchens with timber laminate cabinetry, reconstituted stone benchtops, Miele gas cooktop, oven, dishwasher and microwave and Smeg rangehood, porcelain splash back and bronze or brass tapware. The bathrooms feature vitrified floor and full height wall tiling, mirrored joinery, semi frameless glass shower screens, concealed suites, bronze or brass tapware, reverse cycle air conditioning and full height windows. Communal facilities include a wellness studio, business studio and sky lounge.

Location

Located on the southern alignment of Portman Street, approximately 200 metres south-east from Green Square railway station.



The Frederick Portman Street, ZETLAND

Unit Type	No of Units	Internal Area Ranges (m ²)
1 bedroom - no parking	35 (23%)	50-61 (51.3 av.)
1 bedroom + study - no parking	2 (1%)	60 (60 av.)
2 bedroom – no parking	9 (6%)	73 (73 av.)
2 bedroom – 1 car space	65 (43%)	75-94 (83.8 av.)
2 bedroom + study – 1 car space	12 (8%)	78-89 (79.6 av.)
3 bedroom – 1 car space	23 (15%)	106-111 (108.3 av.)
4 bedroom penthouse – 2 car space	5 (4%)	167-201 (180 av.)
Total	151 (100%)	

3.0 The Project (Continued)

Sales Summary November 2021-January 2024

Unit Type	Sold to Date	Qty Per Month	Qty Per Year	Sale Price	Internal \$/m ²
1 bedroom + study – no parking	2	0.77	0.92	\$904,000- \$1,105,000	\$13,787-\$21,275 (\$16,125 av.)
2 bedroom – no parking	5	0.19	2.31	\$1,090,000- \$1,495,000	\$64,873
2 bedroom – 1 car space	69	2.65	31.85	\$1,100,000- \$1,672,000	\$58,928
2 bedroom + study – 1 car space	11	0.42	5.08	\$1,223,000- \$1,500,000	\$58,242
3 bedroom – 1 car space	23	0.88	10.61	\$1,592,000- \$2,975,000	\$40,068
4 bedroom penthouse – 2 car space	4	0.15	1.85	\$3,228,507- \$3,995,000	\$46,959
Total	149				
Average		5.73	68.7	\$1,424,849	\$17,270

Sale Period – January 2023-June 2023

Unit Type	Qty	Sale Price	Internal Area m ²	Internal \$/m ²
1 bedroom – no parking	15	\$745,000-\$1,105,000 (\$872,600 av.)	50-60 (51.7 av.)	\$14,900-\$21,275 (\$16,863 av.)
2 bedroom – 1 car space	19	\$1,205,000-\$1,495,000 (\$1,389,579 av.)	73-92 (78.5 av.)	\$14,877-\$19,933 (\$17,778 av.)
2 bedroom + study – no parking	1	\$1,495,000	78	\$19,167
Ave per month	6.17			

Sale Period – July 2023-January 2024

Unit Type	Qty	Sale Price	Internal Area m ²	Internal \$/m ²
2 bedroom – no parking	2	\$1,320,000-\$1,330,000 (\$1,325,000 av.)	73	\$18,082-\$18,219 (\$18,151 av.)
2 bedroom – 1 car space	5	\$1,100,000-\$1,490,000 (\$1,347,000 av.)	73-75 (73.8 av.)	\$15,068-\$19,993 (\$18,234 av.)
3 bedroom – 1 car space	1	\$2,094,000	111	\$18,865
Ave per month	3.8			

Pre-sale Summary

149 units (99%) have pre-sold 'off the plan' since the project launched in November 2021.

Marketing Summary

Mirvac constructed a display suite on the ground level of the "Ovo" Building at 960 Bourke Street, Waterloo which comprised a 1 bedroom unit display and 3-D cinema room providing an overview of the project and wider Green Square precinct. Marketing also consisted of online real estate websites, print media and existing client database.

Buyer Profile

The buyer profile reflects 80% owner occupiers and 20% investors. The profile of the owner occupier purchasers consists predominantly of young professionals and 1st home buyers which mainly comprise renters and children whose parents have bought them an apartment. Smaller buyer segments comprise downsizers from the Eastern Suburbs and young families. 95% of all purchasers were located within 3 kilometres of the project. Mirvac advised that across the 3 buildings they are currently marketing "The Frederick", "Portman on the Park" & "Portman House" only 5 of the pre-sales are to FIRB buyers.

3.0 The Project (Continued)

Second hand sales

Infinity

301-303 Botany Road, ZETLAND SP92073

Type	Sale Date	Sale Price	Living Area m ²	\$/m ²
Studio – no car space				
Lot 120	02/24	\$658,000	40	\$16,450
Lot 42	12/23	\$585,000	43	\$13,605
Lot 6	11/23	\$550,000	40	\$13,750
One bedroom – no car space				
Lot 104	11/23*	\$550,000	77	\$7,143
One bedroom				
Lot 131	11/23	\$998,000	55	\$18,145
Two bedroom				
Lot 90	10/23*	\$1,020,000	71	\$14,366
Lot 18	08/23	\$1,050,000	71	\$14,789
Lot 38	02/23	\$1,250,000	77	\$16,234
Lot 65	02/23	\$1,407,000	76	\$18,513
Lot 93	02/23	\$1,200,000	73	\$16,438
Two bedroom plus study				
Lot 8	11/23	\$1,300,000	89	\$14,607
Three bedroom				
Lot 184 (2 storey penthouse)	02/24	\$2,950,000	126	\$23,413
Lot 187	07/23	\$1,630,000	104	\$15,673
Lot 177	07/23	\$2,500,000	155	\$16,129
Lot 100	02/23	\$1,499,000	106	\$14,142
Lot 176	02/23	\$2,340,000	138	\$16,957

***Sale details are advised and subject to settlement.**

A circa 2019 built multi-storey mixed use complex comprising 2 x 19 storey and 2 x 9 storey buildings consisting of 401 home units with ground and first floor retail/commercial tenancies over 3 levels of basement car parking.

Features and finishes include floor-to-ceiling glass windows, open plan living areas, stainless steel Miele appliances, gas cooktop and stone bench top and built-in wardrobes to the bedrooms. Resident amenities include a gym, swimming pool, music room, theatre, outdoor pool deck, spa and sauna and landscaped rooftop garden with BBQ.

Located within the Green Square Town Centre, within close proximity to Green Square railway station and 1.2 kilometres west from East Village Shopping Centre.

3.0 The Project (Continued)

Uno

6-12 Paul Street & 25 Geddes Avenue, ZETLAND SP93826

Type	Sale Date	Sale Price	Living Area m ²	\$/m ²
One bedroom – no car space				
Lot 290	01/24	\$788,000	56	\$14,071
Lot 266	10/23	\$748,000	57	\$13,122
Two bedroom				
Lot 129	01/24	\$980,000	62	\$15,806
Lot 300	01/24	\$918,000	74	\$12,405
Lot 117	12/23	\$1,275,000	74	\$17,230
Lot 289	09/23	\$900,000	72	\$12,500
Lot 218	07/23	\$900,000	68	\$13,235
Lot 4	06/23	\$895,000	60	\$14,917
Lot 185	06/23	\$1,200,000	69	\$17,391
Lot 109	05/23	\$1,466,000	117	\$12,530
Lot 130	05/23	\$900,000	61	\$14,754
Lot 323	04/23	\$1,290,000	117	\$11,026
Three bedroom				
Lot 253	12/23	\$1,580,000	103	\$15,340
Lot 200	10/23	\$1,577,000	119	\$13,252

A circa 2019 built complex consisting of 3 x 9-15 storey mixed use buildings comprising 328 home units and ground floor retail over 2 levels of basement parking.

Features and finishes include open plan living and dining, built-in wardrobes, kitchen with Caesarstone benchtops and European appliances, fully tiled bathroom, ducted air-conditioning, internal laundry with dryer and secure basement parking to some units.

Located at the intersection of Portman Street and Geddes Avenue approximately 550 metres south-east from Green Square railway station and 350 metres south from Woolworths Green Square.

The above sales are the most recently settled sales in the complex.

3.0 The Project (Continued)

Ovo
6 Ebsworth Street, ZETLAND SP95997

Type	Sale Date	Sale Price	Living Area m ²	\$/m ²
One bedroom – no car space				
Lot 36	05/23	\$660,000	49	\$13,469
Lot 171	04/23	\$790,000	54	\$14,630
Two bedroom – no car space				
Lot 200	06/23	\$900,000	67	\$13,433
Two bedroom				
Lot 197	01/24	\$1,470,000	90	\$16,333
Lot 283	11/23	\$1,305,000	80	\$16,313
Lot 178	10/23	\$1,280,000	78	\$16,410
Lot 33	08/23	\$1,255,000	80	\$15,688
Lot 40	07/23	\$1,290,000	80	\$16,125
Lot 87	05/23	\$1,148,000	74	\$15,514
Lot 218	04/23	\$1,255,000	79	\$15,886
Lot 194	04/23	\$1,250,000	79	\$15,823
Lot 153	03/23	\$1,100,000	80	\$13,750
Three bedroom				
Lot 281	10/23	\$2,105,000	117	\$17,991

A circa 2018 built mixed use complex consisting of a 28 storey building comprising 289 home units and ground floor retail over 4 levels of basement parking.

Features and finishes include open plan living and dining, built-in wardrobes to the bedrooms, kitchen with stone bench tops and Smeg appliances, modern bathroom, internal laundry with dryer, ducted air-conditioning, video intercom and secure basement parking to selected units.

Located within close proximity to Green Square railway station and surrounding local shops and amenities including Woolworths. East Village Shopping Centre is approximately 1 kilometre east from the complex.

The above sales are the most recently settled sales in the complex.

3.0 The Project (Continued)

Eminence

811 Elizabeth Street & 5-7 Joynton Avenue, ZETLAND SP102719

Type	Sale Date	Sale Price	Living Area m ²	\$/m ²
One bedroom – no car space				
Lot 6	01/23	\$715,000	52	\$13,750
Two bedroom – no car space				
Lot 12	11/23	\$800,000	61	\$13,115
Two bedroom				
Lot 35	09/23	\$1,710,000	94	\$18,191
Lot 32	08/23	\$1,759,000	94	\$18,713
Lot 17	02/23	\$1,580,000	96	\$16,458
Lot 7	08/22	\$1,105,000	87	\$12,701
Three bedroom				
Lot 8	09/23	\$1,630,000	100	\$16,300
Lot 31	08/23	\$2,200,000	127	\$17,323
Lot 29	06/23	\$1,460,000	98	\$14,898
Lot 34	07/23	\$2,310,000	112	\$20,625
Lot 33	08/23	\$2,150,000	112	\$19,196

A circa 2021 built complex completed by Meriton consisting of 3 x 3-15 storey buildings comprising 254 home units along with retail/commercial space and a childcare centre over 2 levels of basement parking.

Features and finishes are to include floor-to-ceiling glass windows/doors, porcelain tiles to the combined living and dining room, built-in wardrobes to the bedrooms, en-suite bathroom to the master bedroom in the two and three bedroom units with freestanding bathtub to some units, kitchen with polyurethane cabinetry, Caesarstone benchtops and Bosch stainless steel appliances, bathroom with frameless glass shower screen, internal laundry, balcony/terrace with district, city and CBD views, video intercom and secure basement parking to selected units.

Located on the corner of Elizabeth Street and Joynton Avenue and eastern alignment of Portman Street, approximately 700 meters south-east from Green Square railway station.

The sales above are the most recently settled sales in the complex.

3.0 The Project (Continued)

The Reserve

Blocks C & D, 6-8 Kingsborough Way, ZETLAND SP98083

Type	Sale Date	Sale Price	Living Area m ²	\$/m ²
One bedroom – no car space				
Lot 142	06/23	\$745,000	50	\$14,900
Lot 284	03/23	\$725,000	48	\$15,104
Lot 75	02/23	\$710,000	49	\$14,490
Lot 218	01/23	\$675,000	49	\$13,776
Lot 304	01/23	\$700,000	48	\$14,583
One bedroom plus study – no car space				\$18,191
Lot 305	01/24	\$720,000	50	\$14,400
Two bedroom				
Lot 14	01/24	\$960,000	74	\$12,973
Lot 137	09/23	\$1,080,000	74	\$14,595
Lot 279	08/23	\$1,050,000	84	\$12,500
Lot 192	08/23	\$1,050,000	77	\$13,636
Lot 260	08/23	\$870,000	66	\$13,182
Lot 186	08/23	\$931,800	74	\$12,592
Lot 309	06/23	\$980,000	75	\$13,067
Lot 258	04/23	\$993,260	83	\$11,967
Lot 254	04/23	\$960,000	74	\$12,973
Lot 22	04/23	\$950,000	76	\$12,500
Lot 230	03/23	\$940,000	75	\$12,533
Four bedroom				
Lot 336	06/23	\$1,700,000	133	\$12,782

A circa 2018 built mixed-use complex consisting of 2 x 6-8 storey apartment buildings and 2 x 4 storey townhouse buildings comprising 343 units over 2 levels of basement parking.

Features and finishes include open plan living, built-in wardrobes to the bedrooms, master with ensuite, gourmet kitchen with stone bench tops, glass splashback and integrated Miele appliances, bathrooms with floor-to-ceiling tiles and frameless shower screens.

Located approximately 500 metres north-east from Green Square railway station and 750 metres west from East Village Shopping Centre.

The above sales are the most recently settled sales in the complex.

3.0 The Project (Continued)

Downtown

Buildings A-B, 106-116 Epsom Road, ZETLAND

Type	Sale Period	Sale Price	Internal Area m ²	Internal \$/m ²
Building A	11/23-12/23			
Studio		\$645,000	46	\$14,021
One bedroom		\$823,000	57	\$14,439
Two bedroom		\$1,055,000-\$1,325,000	75-89	\$14,067- \$16,645
Building C	02/23-10/23			
Two bedroom		\$930,000-\$1,275,000	72-102	\$12,059-\$13,563

Development currently under construction to comprise a staged mixed-use complex consisting of 3 lifted buildings of between 5-14 storeys comprising 437 home units (23 x studio, 152 x one bedroom, 218 x two bedroom and 44 x three bedroom) along with ground floor retail space over two (2) levels of basement car parking. 55 of the home units are to be retained by the Vendor.

Features and finishes are to include timber engineered flooring to the living areas with carpeted bedrooms, kitchens with ceramic tiled flooring, polished stone benchtops and stone splashbacks, Smeg appliances, bathrooms with concealed cistern, glass shower screen and floor to ceiling tiling, ducted air conditioning to all rooms and balconies with gas bayonets.

Located on the northern alignment of Epsom Road approximately 800 kilometres southeast of Green Square railway station and 700 kilometres south of East Village Shopping Centre.

3.0 The Project (Continued)

3.6 The Developer

The Developer has retained Fortis as Development Manager of the Project, pursuant to the terms of the Development Management Agreement. In this role Fortis will engage and supervise all consultants, Solicitors, the Estate Agents, Project Managers and the Builder.

Fortis has an experienced development team with a track record of successfully delivering high-end mixed-use development projects – see www.fortis.com.au.

Fortis is part of the Pallas Group (see **Section 6.2 – Corporate Structure**).



Interior designs by Fortis

4.0 Financial Analysis

The numbers in this Section 4 are indicative only and the numbers actually achieved will differ from these indicative numbers.

4.1 Profit Analysis

The Feasibility Analysis shows a Development Profit of about \$11.8 million and a Project Profit of about \$8.8 million (after Preferred Equity Coupons are fully paid).

Based on the Feasibility Analysis, including the Funding Table (**Section 4.4 - Funding Table**), the revenue, debt and profitability of the Project may be analysed as shown in the table following.

Gross Realisable Value	\$88,815,000
Deduct GST and Agents Commission on Settlement	\$1,332,225
Net Realisable Value	\$87,482,775
Add Back: Preference Coupon Paid	\$923,473
Deduct: Construction Loan Limits	\$65,612,081
Deduct: Subscribed Value Of Preference/Ordinary Units	\$11,017,820
Development Profit	\$11,776,346
Deduct Preference Top-up Coupon	\$2,948,723
Project Profit (before Performance Fee)	\$8,827,623

The values in the table above are indicative only; the actual mix of debt, preference equity and ordinary equity will be determined as the Project progresses.

4.2 Application of Proceeds of the Issue

The net proceeds of the Issue are to be loaned by the Issuer to the Developer pursuant to the Trust Loan. The Developer will utilise drawdowns under the Loan in undertaking the Project and in meeting other Project costs, including repayment of short-term loans by the owners of the Developer to the Developer to fund Project costs to-date (included in the amount attributed to Land in the table in **Section 4.4 – Funding Table**).

If in future the valuation of the Property adopted in the Feasibility Analysis is increased, based an updated valuation opinion, the Issuer may issue additional Preference Units to fund a trust distribution(s) by the Developer to the trust

associated with the Guarantors, provided that the Issuer may not issue Preference Units beyond the limit set out in **Section 2.7 – Project Funding**.

The Issuer is confident that the Developer will have sufficient funds to complete the Project following the Issue and the Developer procuring the Construction Loan. In forming this opinion, the Issuer is relying on the fact that the Developer will enter into a fixed price Construction Contract with an experienced and reputable builder.

Should the Project require additional funding, the Guarantors have committed, in the Deed of Undertaking, to provide or procure additional funding for the Developer at commercial rates of interest.

4.3 The 'Waterfall'

The proceeds of sale of the Residences will be applied by the Developer according to the following 'waterfall':

Developer Waterfall	
Net Realisable Value	\$87,482,775
Applied in the Following Sequence	
Repay Construction Loan	\$65,612,081
Trust Loan Payments and Trust Distributions to Issuer	\$18,758,195
Fortis Performance Fee	\$2,648,287
Total	\$87,482,775

The Issuer will apply these proceeds as follows:

Issuer Waterfall	
Total Receipts from the Developer	\$18,758,195
Applied in the Following Sequence	
Deduct: Subscribed Value Of Preference/Ordinary Units	\$11,017,820
Top-up Coupon Distribution	\$2,025,250
Distribution of Profit	\$6,179,336

Note that, although the Performance Fee appears higher in the 'Waterfall' (as it is paid by the Developer not the Issuer), it ranks behind payments due in respect of the Preference Units and is calculated net of those payments.

4.0 Financial Analysis (Continued)

4.4 Funding Table

Total development costs of about \$77 million will be funded by the proceeds of the issue of Units and by debt (including the Construction Loan). The funding of these costs is anticipated as follows:

Funding Table	Equity	Construction Loans	Total
Land	\$6,943,993	\$42,291,630	\$49,235,623
Stamp Duty	\$231,000	-	\$231,000
Consultants	\$550,000	\$300,000	\$850,000
Development Management	\$225,000	\$350,000	\$575,000
Project Management	\$15,000	\$135,000	\$150,000
Legal Costs	\$50,000	-	\$50,000
Statutory Costs	\$152,827	\$0	\$152,828
Holding Costs	-	\$300,000	\$300,000
Marketing Costs	-	\$250,000	\$250,000
Acquisition Fee	\$1,750,000	-	\$1,750,000
Construction Costs	-	\$13,500,000	\$13,500,000
Construction Contingency	-	\$675,000	\$675,000
Debt Arrangement Fees	\$750,000	-	\$750,000
Capital Raising Fees	\$350,000	-	\$350,000
Mezzanine Interest and Fees	-	\$3,311,309	\$3,311,309
Senior Interest and Fees	-	\$3,575,669	\$3,575,669
Preference Equity Coupons (Paid Stage 1)	-	\$923,473	\$923,473
Total Development Costs	\$11,017,820	\$65,612,082	\$76,629,902

4.0 Financial Analysis (Continued)

4.5 Funding Table Assumptions

The total agreed price for the remaining lots in the Property is \$13.3 million (see **Section 3.2 – Purchase Agreements**), (see **Section 3.5 - Value of the Completed Project**). The GST calculation utilises the margin scheme.

The Feasibility Table includes in the amount attributed to Land the amount of short-term loans by the owners of the Developer to the Developer to fund Project costs to-date.

The Developer has obtained a high-level refurbishment cost estimate from a reputable builder which has been used to inform the feasibility refurbishment cost of \$13.5 million (excl. GST). The Contingency has been set at 5.0% of that amount (approx. \$0.7 million), which is considered appropriate for a project of this size and risk profile.

As the Project progresses, the refurbishment costs will be further analysed in detail to ensure they are in line with current market rates for the quality of finish commensurate with buyer expectations.

The Feasibility Analysis assumes that the Construction Loans are drawn down after a development consent is granted, sufficient off-the-plan sales of the Residences have been achieved to meet lending parameters and the construction contract is ready to sign.

The maximum outstanding under the Construction Loans is expected to be about \$66 million, representing about 74% of the Net Realisable Value (**NRV**) of the completed Residences. The Feasibility Analysis assumes an average interest rate of 10% p.a. on the drawn balance of the Construction Loan.

The estimated Development Profit represents about 15.6% on total development costs. The Issuer considers this return to be strong for a project of this nature.

5.0 Terms Governing Units

5.1 Preference Units

The terms governing the Preference Units are set out in the Issuer Trust Deed and the Subscription Deed, which are available to Investors on request.

The Preference Units also benefit from the Guarantee, which is an unconditional and joint and several guarantee from the Guarantors of repayment by the Issuer of the Subscribed Value of each Preference Unit upon redemption.

The summary set out below is not a comprehensive description of these terms and, in case of inconsistency between this IM and the Issuer Trust Deed or Subscription Deed, those other documents prevail.

The Preference Units are to be issued at the Issue Price. Coupons (if any) will be paid quarterly in respect of the Preference Units at the Coupon Rate.

The Preference Units will be redeemed by the Issuer by paying the Redemption Amount to the holder of each Preference Unit on the Redemption Date. The Redemption Date is a date to be nominated by the Issuer at about the time of first drawdown of the Construction Loan. This date is estimated to be in about December 2025, subject to the matters set out in this IM.

The Preference Units must be redeemed by the Maturity Date. This is 31 March 2026, although the Issuer may extend this date by up to nine months if the Project is delayed.

On redemption, each Preference Unit Holder will receive a trust distribution representing, in respect of each Unit:

- a) the Subscribed Value;
- b) any arrears of the Coupon (if any); and
- c) the Top-up Coupon.

The Preference Units rank ahead of Ordinary Units in respect of all trust distributions of capital or income.

Preference Unit Holders are entitled to attend and vote at general meetings of Preference Unit Holders.

The Issuer may not, without a resolution approved by the holders of at least 75% of Preference Units:

- a) issue Units ranking in priority to Preference Units;
- b) vary the rights attaching to Preference Units; or
- c) alter the Issuer Trust Deed or the Subscription Deed in a manner that materially adversely affects the Preference Units.

5.2 Ordinary Units

The terms governing Ordinary Units are set out in the Issuer Trust Deed and the Subscription Deed, which are available to Investors on request.

The summary set out below is not a comprehensive description of these terms and, in case of inconsistency between this IM and the Issuer Trust Deed or Subscription Deed, those other documents prevail.

The Ordinary Units have been issued at the Issue Price.

The Issuer will fund the redemption of the Ordinary Units out of trust distributions received from the Developer pursuant to the ordinary equity in the Developer held by the Issuer.

The Ordinary Units will be redeemed after the completion of the Project by the Issuer by paying the Redemption Amount to the holder of each Unit on the Redemption Date. The Redemption Date is a date to be nominated by the Issuer following completion of the Project.

On redemption, each Ordinary Unit Holder will receive a trust distribution representing, in respect of each Unit:

- a) the Subscribed Value; and
- b) the Profit Distribution in respect of that Ordinary Unit.

Ordinary Unit Holders are entitled to attend and vote at general meetings of Ordinary Unit Holders.

The Issuer may not, without a resolution approved by the holders of at least 75% of Ordinary Units:

- a) vary the rights attaching to Ordinary Units; or
- b) alter the Issuer Trust Deed or the Subscription Deed in a manner that materially adversely affects the Ordinary Units.

5.3 Early Redemption

The Issuer may redeem Preference Units and/or Ordinary Units at any time, including prior to the Maturity Date. If the Issuer elects to redeem some but not all of the Units, it will offer to redeem a pro rata share of Units of the relevant class held by each Unit Holder.

Upon early redemption of any Unit the Issuer will pay the Redemption Amount in respect of that Unit.

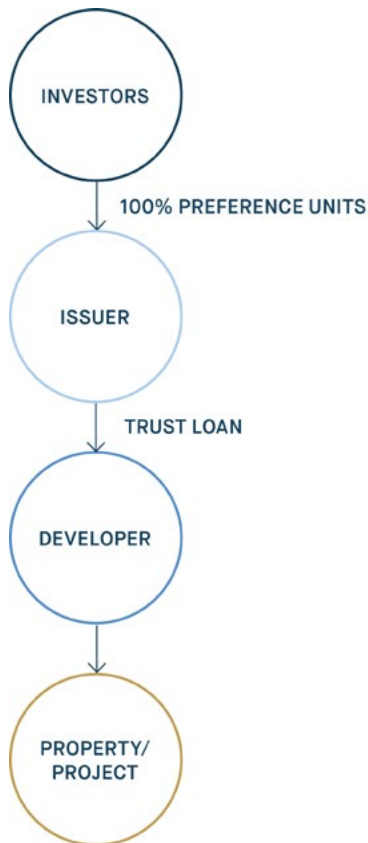
6.0 Investment Structure

6.1 Transaction Structure

The Guarantors are family trusts associated with the Directors of the Issuer, namely Dan Gallen, Charles Mellick and Patrick Keenan. The Guarantors are also the ultimate beneficial owners of a majority of the Pallas Group.

6.2 Corporate Structure

The structure of companies involved in the Project is as follows.



6.3 Key Personnel

As trustee of the Issuer, the Issuer Trustee is responsible for the operations of the Issuer, while the Developer is responsible for the delivery of the Project.

Biographies of key personnel of the Issuer and the Developer, who will oversee the performance by the those trusts of their responsibilities and obligations, may be found at www.fortis.com.au.

7.0 Taxation & Landholder Duty

7.1 Introduction

Set out below is a brief summary of some relevant tax considerations. It does not constitute the giving of advice or opinion by the Issuer or any other person. The taxation of an investment in a unit trust can be complex and may change over time. Each Investor should obtain their own professional tax advice in relation to their own position. This IM has been prepared on the basis that all Investors are Australian residents.

7.2 Taxation of the Trust

Taxation of the Trust

The Trust will not generally be liable for Australian income tax, provided that Unit Holders are presently entitled to all of the distributable income of the Trust for each income year. In this case the taxation liability, in respect of the net income of the Trust, will rest with the Unit Holders.

The Trust may, however, be liable for income tax in respect of any tax year for which it is classed as either a public trading trust or a corporate unit trust. Based on the corporate and investment strategy of the Trust, the Issuer believes that the Trust is not likely to meet these requirements and so should not be taxable in its own right.

Tax Losses

Where a loss is incurred by the Trust, the loss cannot be passed on to Unit Holders for tax purposes. Instead, provided the relevant trust loss rules are satisfied, tax losses will be carried forward in the Trust and offset against assessable income derived by the Trust in future years. (The relevant trust loss rules for carrying forward losses include a continuity of more than 50% of ownership of the Trust).

Capital Gains Tax

The Trust intends to make a profit in the future by selling the Residences. Therefore, it is expected that the Property and the completed development will be held on revenue account. In that case the CGT rules are unlikely to apply.

Managed Investment Trust Rules

For the Trust to qualify as a managed investment trust in relation to an income year, it must satisfy a number of conditions including conditions relating to being widely held by Unit Holders. Based on the anticipated investor base of the Trust, the Issuer does not believe the Trust will satisfy the 'widely-held conditions' necessary for the Trust to qualify as a managed investment trust.

The remainder of this Section assumes that the Issuer is not a managed investment trust.

7.3 Taxation of Australian Resident Unit Holders

Taxation of Distributions to Unit Holders

Unit Holders should have a present entitlement, within the relevant income year, to the Redemption Amount in respect of their Units. As such, each Unit Holder will be required to include in their assessable income the Redemption Amount (less the Subscribed Value) paid in respect of their Units in that income year and may be liable to pay income tax at the rate applicable to that Unit Holder.

The assessable portion of trust distributions, as advised by the Issuer on an annual basis, should be included in a Unit Holder's assessable income in the year to which the distribution relates (i.e., the year in which the Issuer derives the income, not when it is physically received by the Unit Holder).

The Issuer will provide an annual taxation statement to assist in this regard.

GST

GST of 10% is generally applicable to the fees, costs, expenses and commissions payable by the Issuer.

Generally, the Issuer can claim a credit for the GST incurred on expenses related to the Project, so there is no net GST cost to the Issuer. Certain costs, such as some of those related to the initial issue of Ordinary Units and Investor relations, will not be eligible for full credit, in which case a 75% reduced input tax credit may be available on the ineligible part.

GST is not applicable to Investors in relation to the acquisition or redemption of Units.

Tax File Numbers and Australian Business Numbers

Tax is required to be deducted from any income distribution (including the income portion of the Redemption Amount) at the highest marginal tax rate plus Medicare levy (currently 47%) unless:

- a) the Investor has quoted a TFN when applying for Units; or
- b) an appropriate TFN exemption has been provided; or
- c) the Investor holds Units in the course of furtherance of an enterprise and has quoted an ABN instead.

8.0 Documentation & Further Information

The transaction documents for further review can be obtained from the Data Room.

Information includes:

- the Issuer Trust Deed,
- the Development Management Agreement,
- the Subscription Deed,
- the Trust Loan Agreement,
- the Deed of Undertaking, and
- the Valuation Opinion.

For further enquiries and any additional information sought on this investment opportunity please contact:

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9.0 Risks

9.1 Summary

As with any investment, investing in the Issuer involves risk. Many risks are outside the control of the Issuer. Should any of these risks eventuate, distributions to Unit Holders representing Coupon and/or the Redemption Amount may be reduced or suspended and some or all of the monies invested in the Issuer may be lost.

The only asset of the Issuer will be its rights pursuant to the Trust Loan, the value of which in turn depends on the value of the Project being undertaken by the Developer. Accordingly, an investment in the Issuer carries the same risks as an investment directly in the Developer.

At the date of this IM, the Issuer considers the risks of an investment in the Issuer may be analysed as follows:

- a) property development risks, including the risk that general property values decrease;
- b) trust investment risks, including in relation to holding units; and
- c) general investment risks, including economic and market conditions.

These risks are outlined in more detail below.

Please read this IM in full and consider your attitude towards risk before deciding to invest in the Issuer. You should also assess how an investment in the Issuer fits in to your overall investment portfolio.

The risks listed in this Section 9 are not designed to constitute an exhaustive list.

9.2 Property Development Risks

Investing in property development has inherent risks that can be difficult to mitigate and may be entirely outside the control of the Issuer or the Developer.

Some of these risks reduce Project sales revenue or increase costs directly, which may erode the ability of the Developer to meet its obligations under the Trust Loan Agreement. Other risks delay the redemption of the Units.

Some of these risks are:

- a) cost increases: the costs of delivering the Project may be higher than those adopted in the Feasibility Analysis;
- b) loan market conditions: the Construction Loan may not be available on the terms described in the IM;
- c) delay risk: projected timelines are not met due to unforeseen delays such as construction delivery overruns or the issuance of titles for the completed Residences;

- d) sales risk: the sale or lease of the Residences may take longer than anticipated or produce a lower realisable value than projected; and
- e) planning risk: the necessary planning permissions are not issued (at all or without material compromise) which may materially impact upon the realizable value of the Project.

This list is not a comprehensive list of all risks attaching to the Project.

In acquiring the Property and undertaking the Project as set out in **Section 4.0 - Financial Analysis**, the Developer has engaged experts to prepare various reports, and these have been relied on by the Issuer in assessing the risks associated with the Project. Whilst the Issuer has no reason to believe those enquiries were not appropriate and complete, it cannot guarantee that all risks and potential problems associated with the Project were identified and have been properly assessed.

9.3 Issuer Investment Risks

The following risks relate to an investment in the Issuer and may impact the performance of the Issuer and the accuracy of the financial information contained in this IM.

- a) Investment management risk: the risk that the Issuer and/or the Developer may fail to manage the investment risks appropriately or fail to properly execute the delivery of the Project;
- b) Illiquidity: this risk is covered under **Section 2.6 – Distributions & Liquidity**;
- c) Investment Term: there are circumstances that may result in the Investment Term being shorter or longer, as this will be determined by the term of the Project;
- d) General Borrowing Risks: the Developer will borrow under the Construction Loan. Gearing a property investment can increase the potential for capital losses, as well as gains. Payments by the Developer under the Trust Loan Agreement will be subordinated to payments under other debts of the Developer, including monies owed under the Construction Loan. If the Developer breaches the conditions of any loan, a lender to the Developer may enforce its security over the Property and payments to the Issuer under the Trust Loan Agreement may be delayed or reduced, in which case distributions to Unit Holders may be reduced or suspended. This may lead to the Property being sold for a lower price than would have been obtained had it been sold voluntarily by the Developer in the ordinary course of business
- e) Interest Rate Risk: there is a risk that unfavourable movements in interest rates may lead to increased interest expenses. This may ultimately result in a reduction in distributions to Unit Holders; and

9.0 Risks (Continued)

- f) Concentration Risk: the Developer relies on the proceeds of settlement of sales or leases of the Residences to fund payments under the Trust Loan Agreements, which (in turn) the Issuer will use to fund the redemption of the Units. Therefore, the Issuer is ultimately dependent on a single property and is not diversified by asset class, geographic location of properties or exposure to different property sectors.

9.4 General Investment Risks

The following are some of the risks relating to economic activity generally:

- a) Market Risks: these include inflation rate increases, real or perceived unfavourable market conditions, property lender and/or investor behaviour, economic cycles and sentiment, movements in interest rates, changes in domestic and international economic conditions which generally affect business earnings, political and natural events and changes in governments monetary policies, taxation and other laws and regulations;
- b) Taxation Risk: the returns to Investors may be affected by changes to taxation legislation; and
- c) Forward-looking Statements: there can be no guarantee that the assumptions and contingencies on which forward-looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. The forward-looking statements, opinions and estimates depend on various factors, many of which are outside the control of the Issuer.

Property investment, by its nature, carries risk.

The Issuer and the Developer have worked, and will continue to work, to understand and mitigate risks associated with the Project as it progresses. However, Investors must take their own view as to the likelihood of risks eventuating and of the Issuer/Developer being successful in managing such eventualities.

10.0 Compliance & Legal Information

10.1 Related Party Transactions

The Issuer may from time-to-time enter into transactions with related entities. All transactions will be effected at markets rates or at no charge, and in accordance with the Corporations Act.

The Developer, the Guarantors and each member of the Pallas Group are related parties of the Issuer and may invest in the Issuer, in which case they will have the rights and obligations corresponding with such investment.

10.2 Privacy

In applying to invest, you are providing the Arranger and the Issuer with certain personal details (such as your name and address). The Issuer uses this information to establish and manage that investment for you.

Under the Privacy Act 1988 (**Commonwealth**), you can access personal information about you held by the Issuer, except in limited circumstances. Please let us know if you think the information is inaccurate, incomplete or out of date. You can also tell the Issuer at any time not to pass on your personal information by advising it in writing.

If you do not provide the Arranger with your contact details and other information, it may not be able to process your Application for Units.

Under various laws and regulatory requirements, the Arranger and/or the Issuer may have to pass-on certain information to other organisations, such as the Australian Tax Office (**ATO**) or the Australian Transaction Reports and Analysis Centre (**AUSTRAC**).

By applying to invest, you give the Arranger and the Issuer permission to pass information it holds about you to other companies which are involved in helping the administration of the Issuer, or as required for the purposes of compliance with AML/CTF law (see **Section 10.3 – Anti-Money Laundering Law**), or in connection with the holding of application monies. The Arranger may also use your information to provide you with details of future investment offers made by it.

10.3 Anti-Money Laundering Law

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**Commonwealth**) and associated rules and regulations require the Arranger to verify your identity prior to accepting your application moneys.

You will be required to provide the identification information set out in the Application for Units. The Issuer will not issue you with Units unless satisfactory identification documents are provided.

10.4 Foreign Account Tax Compliance Act (FATCA)

FATCA is United States (**US**) tax legislation that enables the US Internal Revenue Service to identify and collect tax from US residents that invest in assets through non-US entities. If you are a US resident for tax purposes, you should note that the Issuer is or is expected to be a 'Foreign Financial Institution' under FATCA and it intends to comply with its FATCA obligations, as determined by either the FATCA regulations or any inter-governmental agreement entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Issuer will have to obtain and disclose information about certain Investors to the ATO.

In order for the Issuer to comply with its obligations, the Arranger will also request that you provide certain information about yourself, including your US Taxpayer Identification Number. The Arranger will only use such information for this purpose if it is required to do so.

10.5 Common Reporting Standard (CRS)

The CRS is the single global standard for the collection, reporting and exchange of financial account information of non-residents, which applies to calendar years ending after 1 July 2017. The CRS is similar to FATCA, whereby the Issuer will need to collect and report similar financial account information of all non-residents to the ATO. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

