

***REPLACEMENT PROSPECTUS***

FOR THE ISSUE OF ARMADALE DEVELOPMENT COMPANY LTD

REDEEMABLE PREFERENCE SHARES



Artist impression of completed apartments at 929-933 High Street, Armadale, VIC 3143

## **1 IMPORTANT INFORMATION**

This Replacement Prospectus replaces a Prospectus dated and lodged with ASIC on 24 December 2018. For the purposes of this document, this Replacement Prospectus will be referred to as either "the Replacement Prospectus" or "this Prospectus".

Some terms used in this Prospectus are defined in the Glossary.

This Prospectus is dated 12 February 2019. A copy of this Prospectus was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Redeemable Preference Shares will be allotted or transferred on the basis of this Prospectus after the expiry date. This Prospectus expires on the date which is 13 months after the Prospectus Date.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Seek advice on and observe any restrictions. This Prospectus is not an offer in any place where, or to any person to whom, it would not be lawful to make the offer.

No person is authorised to give any information or make representations about the offer, which is not contained in this Prospectus. Information or representations not contained in this Prospectus must not be relied on as authorised by the Company, or any other person, in connection with the offer.

This Prospectus provides information for investors to decide if they wish to invest in ARMADALE DEVELOPMENT COMPANY LTD ("Company"). Read this document in its entirety. This Prospectus contains forward looking statements. Those statements are based upon the Directors' current expectations in regard to future events or results. All forecasts in this Prospectus are based upon the assumptions described in Section 11.1. Actual results may be materially affected by changes in circumstances, some of which may be outside the control of the Company. The reliance that investors place on the forecasts is a matter for their own commercial judgment. No representation or warranty is made that any forecast, assumption or estimate contained in this Prospectus will be achieved.

Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The information provided in this Prospectus does not constitute personal financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus in its entirety before deciding to invest and consider the risk factors that could affect the Company's performance.

This Prospectus is distributed electronically. Applications for Redeemable Preference Shares may only be made on the Application Form attached to this Prospectus or via the online application process which can be accessed at <http://invest.ugc.net.au>. Instructions on how to apply for Redeemable Preference Shares are set out in Sections 6 and 26 of this Prospectus and on the back of the Application Form.

Under the Corporations Act the Company must not process Application Forms during the seven day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for up to a further seven days. This exposure period enables the Prospectus to be examined by market participants. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be given to Application Forms received during the exposure period.

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated. Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents unless specified otherwise. Diagrams used in this Prospectus

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may not be drawn to scale. The assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

**THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY**

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## 2 PROPOSED TIMETABLE

EVENT	DATE
Prospectus date	12 February 2019
Offer opens	12 February 2019
Offer closes (unless the offer is fully subscribed earlier)	31 October 2019
Anticipated date of issue of new Redeemable Preference Shares	1 week after minimum subscription is met  Further applications will be issued Redeemable Preference shares at the end of each month they applied for
Shareholding statements available	1 week after shares are issued
Project Expected Completion Date	1 February 2022
Expected Dividend Date	15 February 2022
Expected Redeemable Preference Share Repurchase Date	15 February 2022

All dates and times are subject to change and are indicative only. All times are Australian Eastern Standard Time (AEST). The Company reserves the right to vary these dates and times without prior notice. It may close the offer early, withdraw the offer, or accept late Applications. Applicants are encouraged to submit their Application Forms as soon as possible.

### 3 LETTER FROM THE MANAGING DIRECTOR



Dear Investor,

On behalf of the Company, it is my pleasure to offer you the opportunity to invest in the Redeemable Preference Shares of ARMADALE DEVELOPMENT COMPANY LTD.

The property market and real estate projects have long been a key source of wealth creation for multiple generations of Australians. Over the years the industry has shown resilience and delivered substantial growth in property value. However, the significant amount of capital required to purchase a property acts as an enormous barrier for many Australians to invest in this market and benefit from its growth potential. Sometimes people have pooled funds with their friends and family members to invest in property development projects. But the investment feasibility, scalability and management of such projects has often been a concern for investors.

As Australia's second-largest city, Melbourne is home to around 4.82 million people which accounts for 19.05% of national population.

In 2018 Melbourne's population increased by 86,900 overseas migrants and 17,182 net interstate migrants.

Melbourne has been ranked the world's most liveable city for 7 years in a row, up until 2018.

Decades ago, the Australian property market was dominated by demand for freestanding houses.

Changing demographics and evolving family situations have shifted dynamics to the point where more Melbournians are trading backyards for courtyards and balconies meaning apartments, and apartments can be just as highly sought as freestanding homes.

Melbourne's east includes some of the most affluent suburbs – the residents of the eastern suburbs enjoy a median personal income of \$1,164 per week, according to ABS figures.

Around 33% of properties are owned outright or mortgaged here, with 20% of housing comprised of apartments or semi-detached homes, and only 33% of residential properties being high-rise apartments.

Armadale is Melbourne's 6th most expensive suburb for housing behind its wealthy neighbours Toorak in 1st and Malvern in 4th.

Armadale is a picturesque and fashionable suburb best known for its appealing Victorian and Federation architecture and acclaim as a destination shopping strip.

## **ARMADALE DEVELOPMENT COMPANY LTD**

Only 7 kms southeast of the city and easily accessible by Road, Train and Tram, Armadale sits as a tightly held enclave between the equally prestigious suburbs of Toorak and Malvern.

Lush, tree-lined streets complement the impressive homes, which are surrounded by some of Melbourne's most sought-after private schools.

29-933 High Street Armadale is an 818m<sup>2</sup> site, ideally positioned at the entrance to the High Street Shopping precinct and only 100m from Armadale Train Station.

The development on this site will consist of retail and residential space on the ground floor plus 5-6 levels above ground comprising 13 Luxury Residential Apartments.

ARMADALE DEVELOPMENT COMPANY LTD (Company) is issuing Redeemable Preference Shares to raise funds that will be provided as loan to 929 High Street Armadale Pty Ltd for the development and sale of 13 apartments and the commercial space on the ground floor. Investors will receive a fixed dividend of 26.67% per annum capped to 80% absolute after the company receives full repayment of the loan and interest which will in turn happen after settlement of sales proceeds in the final stage of this Development. You can find the details of the location and the project in sections 8 and 9 of this prospectus.

The mechanism of the investment will see ARMADALE DEVELOPMENT COMPANY LTD providing debt capital to the Developer of the project. This structure secures investor interest above the interest of the ordinary shareholders of the Developer. Furthermore, your investment in the Redeemable Preference Shares of this Company with a fixed rate of return gives you senior claim on the net profits generated through the sale of the project on completion ahead of the Developer. While this is a unique investment opportunity, like any investments, it has its inherent risks.

In particular you should note that Dividend payments to investors are not fixed nor guaranteed in so far as they are entirely dependent on the Company being repaid (with sufficient interest) by the Developer (Main SPV as explained later); and although the Redeemable Preference share investors rank ahead of ordinary shareholders in the Company and Main SPV, they will still rank behind the bank lender who will retain 1st ranking priority in the payout order. You should refer to section 10 which describes the operational structure and section 11.2 which details the payout order.

The prior experience of the principals behind this project in the area of real estate development is specified in section 9.8. Investors should note that this project is significantly larger than their previous projects. In addition certain market conditions can lead to the project running into challenges and the investment returns not being delivered including a potential loss of the invested amount. This prospectus has been prepared to provide you a thorough understanding of the investment structure and associated risks.

Some of the key risks you should pay particular attention to are

- a. The project is at a very early stage
- b. Settlement of the land to be developed has not taken place and is due on 31 March 2019.
- c. Council permit have been lodged but are yet to be granted for the proposed development.
- d. No construction loan has been applied or approved as of the date of the Prospectus in relation to the funds required in addition to investor money. This can only be done once the plans are approved by Council.

You will find a detailed listing of all the specific risks facing this project in the Investment overview in section 4. In Section 14, there are some additional general risks that face projects of this nature.

I highly encourage you to read this Prospectus carefully and seek independent financial advice before making your investment decision. We are very excited to be able to facilitate this development project

**ARMADALE DEVELOPMENT COMPANY LTD**

that will bring these luxury homes to the market, as well as provide our shareholders a vehicle for direct investment in a real estate development project.

I look forward to writing to you soon to share the progress of this project.



Brett Dickinson

Managing Director

**ARMADALE DEVELOPMENT COMPANY LTD**

## 4 INVESTMENT OVERVIEW

The following tables summarise the key features of an investment in the Redeemable Preference Shares and refers to the sections of the Prospectus where you can find further information. You should read this Prospectus in full to properly understand your investment in the Company.

Matter	Summary
<b>Summary of offer</b>	
<b>What is being offered?</b>	The Company is seeking to raise up to \$6,000,000 by offering investors the opportunity to purchase Redeemable Preference Shares in the Company under the offer.
<b>Investment objective</b>	To provide you with investment exposure to a mixed use property development consisting of 13 large planned luxury apartments and 2 retail spaces (subject to DA approval and obtaining a third party loan). The entire project is expected to be completed within the 36 month investment time frame.
<b>Issue price</b>	The Redeemable Preference Shares are being issued at \$1 each.
<b>Face Value</b>	\$1 per Redeemable Preference Share.
<b>Minimum investment per investor</b>	The minimum investment is \$50,000 being an Application for 50,000 Redeemable Preference Shares. Thereafter, Applications must be for multiples of 10,000 Redeemable Preference Shares.
<b>Minimum Total subscription</b>	We will only proceed with an offer where valid applications have been received for at least 4,000,000 Redeemable Preference Shares.
<b>Purpose</b>	ARMADALE DEVELOPMENT COMPANY LTD (Company) is issuing Redeemable Preference Shares to raise funds that will be provided as a loan to 929 High Street Armadale Pty Ltd ("Main SPV") for the development and sale of 13 apartments and commercial space at 929-933 High Street, Armadale, VIC 3143 ("land").
<b>Dividends</b>	On completion of development of the 13 large planned luxury apartments and 2 retail spaces (subject to DA approval and obtaining a third party loan) at 929-933 High Street, Armadale, VIC 3143 ("land"), they will be sold on the market at the best available price. The Main SPV intends to use the receipts from the sale of the developed properties to repay the loan and associated interest to the Company. Investors in this offer will receive a Preference dividend as defined in the below table on their investment amount at this time. The expected time for the completion for this project is 36 months. It is however possible that the project may finish sooner. It is also possible that weather and other delays (see risks) may delay the completion of this project. In both scenarios investors Preference dividend return is fixed based on the amount they invest as outlined in the following table and will not change regardless of the time taken for the project. The Company will pay any Dividends only out of proceeds received as interest from the loan made to the Main SPV (Development Company explained further down) This loan

	<p>payment can only be done using the proceeds from the sale of the developed apartments and retail space at 929-933 High Street, Armadale, VIC 3143 ("land") and the Main SPV may extend the project time frame until such sale is achieved.</p> <p><b>TARGET INVESTMENT RETURN</b></p> <p>80% over 36 months</p> <p>Note that these percentage returns are the maximum dividends payable and are not guaranteed and could be lower if less than the required amount is repaid by the Main SPV as part of its loan repayment to the Company.</p>
<b>Repurchase</b>	On payment of the Dividends the Redeemable Preference Shares will be repurchased by the Company at the same issue price of \$1 per share. Investors who participate as part of this offer will exit the share register at this point.
<b>No liquidity</b>	ARMADALE DEVELOPMENT COMPANY LTD is a public unlisted Company and as such is not listed on any securities exchange, and is considered an illiquid investment.
<b>Transfer</b>	You may transfer your Redeemable Preference Shares to another person but there will be no established secondary market (e.g. stock exchange) for the Company.
<b>Benefits</b>	<p>The benefits of investing in the Company include:</p> <ul style="list-style-type: none"> <li>a) Participation with small amounts in a apartment development project</li> <li>b) Fixed Preference returns which will be paid out before any returns are paid out to the Ordinary shareholders</li> </ul>
<b>Risks</b>	<p>The Company for which this offer is being made is not the direct developer on the proposed apartment development project. This Company is set-up purely to make a loan to the Main SPV which is the actual developing entity as described in Section 10 which describes the Operational Structure. This Company exists solely to take on investors and onlend the invested money to the Main SPV. The Company has no operating history, it is a Special Purpose Vehicle and expects to be dissolved on the completion of this transaction.</p> <p>The Company only has one revenue generating asset, and its outcome is completely dependent on the sales expected to happen in the future after the completion of the development. The outcome of which is effectively dependent on factors out of the Company's control.</p> <p>Before you decide to invest, you should give consideration of the following specific risk factors, as well as other information contained in this Prospectus. In Section 13 there are some additional general risks that should be factored in with respect to these type of investments.</p> <p><b>MAIN SPV FINANCE AND DEFAULT RISK:</b> This real estate project has a borrowing component. The Company is not taking on debts itself but the Main SPV to whom it</p>

lends, intends to take on borrowings from a lender for up to a maximum of \$21,000,000. If the Main SPV defaults on its obligations to the first mortgagee then that could lead to the first mortgagee stepping in and selling the real estate at auction which could lead to an adverse investment outcome for investors including a capital loss.

There is a risk that current market bank lending criteria may change and alternative funding may be required in order to enable the project to proceed. Lack of availability of debt funding for construction on acceptable terms for the Main SPV may delay the project or impact the project's performance reducing the return available to investors. If the Main SPV secures borrowings in excess of the current proposed levels it will lead to less availability of potential profits to be available for the repayment of the Company loan, which may impact the return to investors. If the Main SPV defaults on its obligations to this lender then it would lead to an adverse investment outcome for investors including capital loss as such a lender would rank ahead of investors. This lender may enjoy mortgagee rights and could choose to step in to sell the real estate at a lower price to recover their investment.

**SETTLEMENT RISK:** Note that the proposed borrowing from a senior lender is critical for settlement of Land. If this does not materialize for any reason then the land cannot be acquired and the project cannot proceed. In such a circumstance , the Company will not proceed with the loan and investor funds will be returned in full.

**PERMIT NOT IN ACCORDANCE WITH THE APPLICATION:** There is a risk that the Main SPV will receive a permit for a different number of apartments, or in fact may not be successful in its application at all. This could have a significant impact on the returns available to the Main SPV and its subsequent ability to repay the loan and interest to the Company.

In this circumstance, the Main SPV would propose to re-evaluate the permit received to ensure its ability to repay its obligations, or sell the site in order to repay the loan. Both these scenarios could impact on the return and repayment of capital to investors.

**CONSTRUCTION DELAYS AND COST BLOWOUTS:** Weather delays, Industrial action, delay from contractors, soil issues and a number of unforeseen factors can all cause to stoppages of work as well as increase the costs required to complete the development. This can delay the project, increase the costs or reduce the return available to investors. While potential delays due to above mentioned factors are beyond the control of the Main SPV, a 3rd party Quantity Surveyor will be appointed to assist management against construction costs blowouts.

**REAL ESTATE MARKET DOWNTURN RISK:** In recent years upto mid 2018 real estate prices have grown significantly, particularly in Sydney and Melbourne. Since the last few months prices have started witnessing a correction and a general slowdown in demand. While the principal's of this project believe that this undertaking will be profitable a rapid downturn in investor sentiment can see reduction in the prices that may be achievable on sale of the apartments on completion of development or lead to failed settlements of completed sales. This would impact investor returns adversely as the profits available for distribution could be lower.

**LIQUIDITY:** The Redeemable Preference Shares will not be listed on any stock exchange. As such, there is no secondary market to buy or sell Redeemable Preference Shares. Therefore, an investment in Redeemable Preference Shares should be considered non liquid. The investors are however free to find their own buyers and the

	<p>management of the Company will assist in recording such private sales in the Company's share register.</p> <p><b>REDUCED INVESTOR PROTECTION DUE TO MAIN SPV</b></p> <p>The Main SPV is a proprietary company and it is responsible for carrying out the development upon which the Company returns are dependent. Being a proprietary company it does not carry a number of protections that an investor in a public company gets. Any related party dealing whether from the Main SPV or from the Company has been already disclosed as part of the related party dealings in Section 21.6.2. All transactions are being done on a commercial arm's length basis both for the Main SPV and the Company. Investors will be provided access to the Main SPV accounts on request.</p> <p>You should factor in these reduced protections as part of your decision making process while investing in the company.</p> <p><b>GEARING RISK</b></p> <p>In the event that sufficient funds are not raised via this offer, the Development Company (Main SPV) will seek additional funds by borrowing from a lender specializing in construction lending. This lender will likely take a senior position ahead of the investors participating in this offer placing investor returns at risk due to a higher loan amount and potentially higher interest rates than a tier 1 lender to be paid before to the lender before investor returns can be paid.</p> <p><b>REDEEMABLE PREFERENCE SHARES NOT GUARANTEED</b></p> <p>The Redeemable Preference Shares are not bank deposits.</p> <p>The repayment of the money you have invested or any particular rate of return is not guaranteed by the Company or its Directors. You may also lose some or all of your Principal Investment Amount. The Company will only be able to make dividend payments to Shareholders if it receives positive income from operations.</p> <p><b>INVESTOR RETURN IS CAPPED</b></p> <p>In the even that the project ends up exceeding its timelines the investor maximum return is capped to 80% which is effectively the return due over 36 months.</p> <p>This is done in this fashion because the actual proceeds received from the sale of the apartments on completion of development will not change substantially if the Project completes slower. In fact there is a good chance the Main SPV is losing money due to the delays and other costs. The Main SPV has no other sources of revenue to pay the interest due to the Company apart from the sales proceeds. The amount the Main SPV has for distributions is limited and hence the return it can pay to investors is capped at a certain point.</p> <p><b>IMPACT OF DELAYS OR FASTER PROGRESS ON INVESTOR RETURNS</b></p> <p>The investor dividend amounts are linked to the duration they are invested for. However as explained in section 9.5 the interest repayments from the Main SPV to the Company are capped at 80%. Which means the maximum return an investor can get is 80% even if the project duration exceeds 36 months.</p>
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	<p>If the project finishes sooner than 36 months then the rate of return is calculated as 26.67% per annum.</p> <p><b>LOAN IS UNSECURED AND ITS TERM MAY BE EXTENDED</b></p> <p>The Company does not have a security interest over the property. If the project runs into delays then the term of the loan may be extended till suitable sales are achieved that can facilitate the repayment of the loan. This would mean that investor returns may be delayed due to slower than expected sales.</p>
	<p><b>HIGH MINIMUM INVESTMENT AMOUNT</b></p> <p>The minimum investment is \$50,000, which is significantly more than most minimum investment amounts in public fundraising. The project is very early stage and hence high risk. Investors should consider the ramifications of investing a substantial amount in one project and consult their financial or other professional advisors as necessary.</p> <p><b>SUBJECT TO LEASES</b></p> <p>The land has been bought subject to leases. Once the project is ready to commence construction, the lessee's have indicated willingness to the management of the Main SPV to vacate the premises at the request of the Main SPV (Who is the lessor). As of the date of this prospectus, the Main SPV has engaged lawyers to update the terms of the leases to allow the lessors to terminate the leases earlier on demand. Investors will be provided a copy of the updated leases agreement highlighting this provision once it is ready. As of the date of this prospectus this is however not ready which creates a risk that in the event the lessee's do not agree to terminate the leases earlier than the completion of the term, the construction phase of the project will be inordinately delayed, until 2022 at earliest, and potentially until 2024. In such a scenario, instead of waiting for the leases to complete, the Main SPV would look to sell the site to another buyer and pay the investors their entitled returns including their returns accrued till date giving investors a faster exit. This return will be paid prior to any expense reimbursements to Company Management. This would depend on a willing buyer being available at that point time who is interested in acquiring the site at a suitable price that will allow the Main SPV to pay the investor returns. Investors should factor in the possibility that these circumstances could lead to delays in the projects progress and the returns that are being targeted.</p> <p><b>MANAGEMENT EXPERIENCE</b></p> <p>The prior experience of the principals behind this project in the area of real estate development is specified in section 9.8. Investors should note that this project is significantly larger than their previous projects.</p>
<b>Reporting to investors</b>	<p>You will receive:</p> <ul style="list-style-type: none"> <li>a) confirmation of your investment in Redeemable Preference Shares;</li> <li>b) an annual periodic statement; and</li> <li>c) Quarterly updates on the progress of the project including construction, sales etc.</li> </ul>

	All information and communication will be accessible exclusively via the Company's website at <a href="http://invest.ugc.net.au">http://invest.ugc.net.au</a>
<b>Tax</b>	Investing in the Company may have taxation consequences for you.  We recommend you seek professional tax advice before investing in the Company.
<b>Security</b>	The Redeemable Preference Shares are not secured over the Company's assets and are not guaranteed by the Directors.  No financier or person has a charge over the Company's assets.
<b>Underwriting</b>	This offer is not underwritten.

## 5 PURPOSE OF THE ISSUE AND USE OF FUNDS

ARMADALE DEVELOPMENT COMPANY LTD (Company) is issuing Redeemable Preference Shares to raise funds that will be provided as a loan to 929 High Street Armadale Pty Ltd ("Main SPV") for the development and sale of 13 large planned luxury apartments and 2 retail spaces (subject to DA approval and obtaining a third party loan) at 929-933 High Street, Armadale, VIC 3143 ("land").

The Main SPV intends to use the loan from the Company in conjunction with a 1st mortgage in accordance with the following schedule, subject to the level of funding the Company achieves:

<b>Development Costs</b>	<b>Total Costs</b>	<b>ADC \$4M</b>	<b>Senior Debt</b>	<b>ADC \$6M</b>	<b>Senior Debt</b>
Land Purchase	\$6,300,000	\$2,205,000	\$4,095,000	\$2,205,000	\$4,095,000
Stamp Duty	\$346,500	\$346,500	\$0	\$346,500	\$0
Consultants and Professional Fees	\$1,945,000	\$725,000	\$1,220,000	\$1,750,000	\$195,000
Council and Government Charges	\$470,000	\$120,000	\$350,000	\$470,000	\$0
Finance and Interest Charges	\$2,100,000	\$380,000	\$1,720,000	\$452,450	\$1,450,000
Sales and Marketing Costs	\$1,160,000	\$200,000	\$960,000	\$750,000	\$410,000
Construction Costs	\$12,500,000	\$0	\$12,500,000	\$0	\$12,500,000
<b>Total</b>	<b>\$24,821,500</b>	<b>\$3,976,500</b>	<b>\$20,845,000</b>	<b>\$5,973,950</b>	<b>\$18,650,000</b>

(ADC = the Company)

On completion of development of the 13 large planned luxury apartments and 2 retail spaces (subject to DA approval and obtaining a third party loan) at 929-933 High Street, Armadale, VIC 3143 ("land"), they will be sold on the market at the best available price. The Main SPV intends to use the receipts from the sale of the apartments on completion of development to repay the loan and associated interest to the Company. Investors in this offer will receive a Preference dividend as defined in the below table on their investment amount at this time.

The expected time for the completion for this project is 36 months, which is outlined in the following chart:



It is however possible that the project may finish sooner. It is also possible that weather and other delays (see risks), such as the development application not being approved, leases not being terminated early and the third party loan not being obtained, may delay the completion of this project. Investors are paid a dividend based on the duration they have invested for, however the total return is capped to 80% absolute. The Company will pay any Dividends only out of proceeds received as interest from the loan made to the Main SPV (Development Company explained further down). This loan payment can only be done using the proceeds from the sale of the developed apartments and retail space at 929-933 High Street, Armadale, VIC 3143 ("land") and the Main SPV may extend the project time frame until such sales is achieved.

## 5.1 INVESTMENT OBJECTIVE

The Company's investment objective is to generate returns for investors by assisting the Main SPV, via provision of a loan from the Company, in the development and sale of 13 large planned luxury apartments and 2 retail spaces (subject to DA approval and obtaining a third party loan) at 929-933 High Street, Armadale, VIC 3143 ("land") at the best possible price. Investors will receive a Dividend as defined in Section 19.2 after the loan and associated interest owing by the Main SPV is repaid. The Redeemable Preference Shares will then be repurchased by the Company (refer Section 19.3) thus giving investors participation in an apartment development project without undertaking the work required in it.

## 5.2 CAPITAL STRUCTURE

The effect of the offer on the capital structure of the Company, assuming all Redeemable Preference Shares offered under the Prospectus are issued, is set out below.

Shareholder	Number
Ordinary Shares currently on issue	36
Redeemable Preference Shares to be issued pursuant to the offer	6,000,000

### 5.2.1 SUBSTANTIAL SHAREHOLDERS

The Ordinary Shares on issue at the date of this Prospectus are held by:

Shareholder	Ordinary shares	%
Birdrock Investments Pty Ltd (Brett Dickinson)	12	33.3
Giftboxes Online Pty Ltd (Ron Wilson)	12	33.3
United Global Capital Pty Ltd (Joel Hewish)	12	33.3

The 3 directors are using the above mentioned vehicles to hold these ordinary shares.

On completion of this offer issue there could be a change to the substantial holders based on the new shareholders that come in as Redeemable Preference Shareholders as part of this offer.

## 6 HOW TO INVEST

To invest in the Redeemable Preference Shares, please read the Prospectus and complete and submit the online Application Form referred to in section 26 in accordance with the instructions on that form.

The online Application process can be accessed at <http://invest.ugc.net.au> ("Online Platform")

All investors are required to sign up as a member of the Online Platform prior to completing an application for the Redeemable Preference Shares.

Payment of application money must be made electronically by EFT to our applications account within 48 hours of completing the online Application Form.

Application Account details as follows

Name of Account	ARMADALE DEVELOPMENT COMPANY LTD
BSB	063010

Account Number	13794873
Bank	Commonwealth Bank
Reference	<Investor Name>

The application form also contains details of how to pay your application money by EFT.

When you apply to invest in the Company, your money is held in our applications account until we accept your application. We have an absolute discretion to reject any application and are not required to give a reason. If your application is rejected we will refund all the funds you have transferred to our Application account.

We will only proceed with an offer where valid applications have been received for the minimum number of Redeemable Preference Shares offered under this Prospectus. If valid applications have not been received for the minimum number of Redeemable Preference Shares offered by the close date of this Prospectus, we will repay all application moneys in their entirety, so that you will not receive less than the amount of your application money, or extend the offer period subject to compliance with the Corporations Act.

Similarly, if your application is declined, your application money will be returned promptly, you will not receive less than the amount of your application moneys.

Redeemable Preference Shares will be issued prior to completion of the investment to which this Prospectus relates.

Any interest earned on the application money for which Redeemable Preference Shares are issued will form part of the assets of the Company.

## **6.1 FURTHER INFORMATION ABOUT THE APPLICATION PROCESS**

### **6.1.1 AML-CTF**

As a part of the application, investors will be required to provide client identification materials to comply with Anti-Money Laundering and Counter Terrorism Financing legislation. In addition to the client identification material and documents required to be included with an investor's application form, the Company may require further information or documentation from an investor at any time in order to satisfy obligations under Anti-Money Laundering and Counter Terrorism Financing legislation.

### **6.1.2 APPLICATION FORM**

By completing and submitting the online application form, applicants provide certain acknowledgements to the Company, such as having read and understood the Prospectus and specifically the risk factors. A copy of the Application form can be found at the end of this Prospectus and on the Online platform.

### **6.1.3 ACCEPTANCE OF APPLICATIONS**

The Company may decide in its absolute discretion to accept or reject an investor's application for Redeemable Preference Shares or may decide not to proceed with the investment.

#### **6.1.4 INVESTMENT IN THE COMPANY**

Applications to invest in the Company will be processed on a “first come, first served” basis. Depending on the demand for the investment, an investor’s investment in the Company may be reduced or refused.

### **7 REPORTING**

You will receive written confirmation of your purchase of Redeemable Preference Shares as well as the following regular updates:

- a quarterly update on key investor information containing information relating to your Redeemable Preference Shares and the status of the Company’s operations;
- an annual periodic statement; and
- Regular updates that may contain pictures and videos related to the construction and sales of the project.

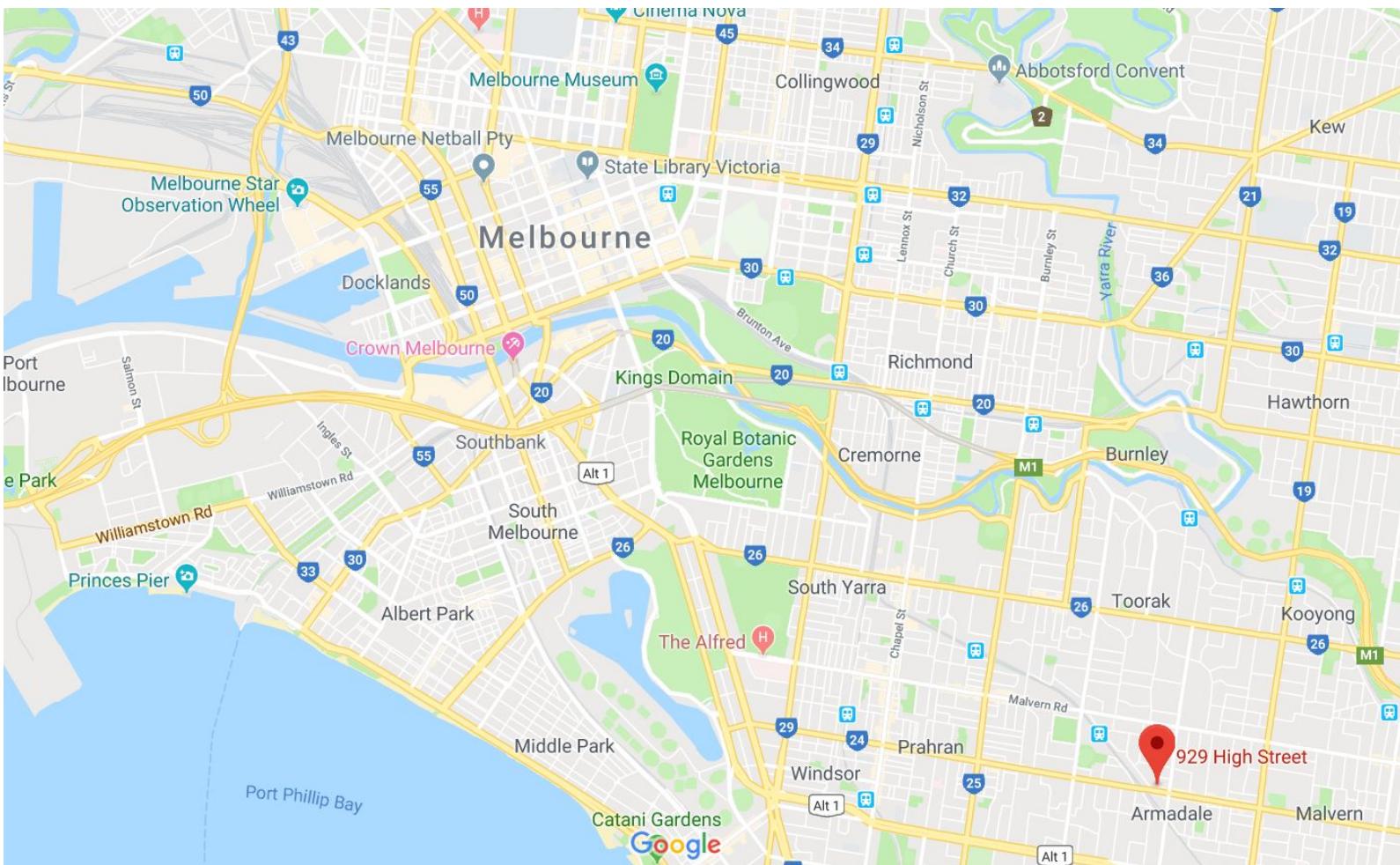
The Company's annual financial statements can, when available, be downloaded from the Online Platform website at <http://invest.ugc.net.au>

### **8 SUBURB PROFILE**

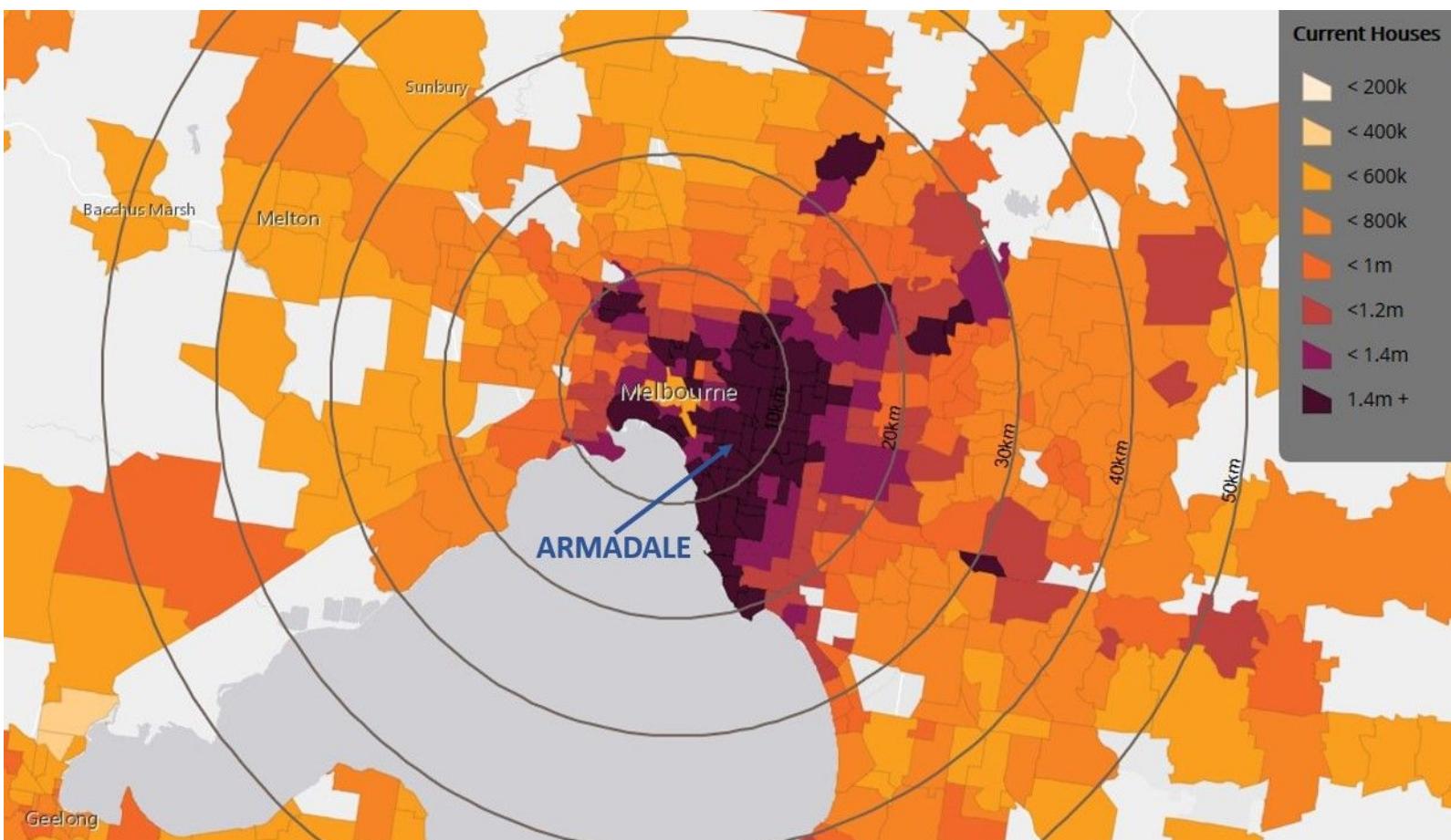
Armadale is famous for its’ tree-lined streets, picturesque avenues and a well-demonstrated blend of Edwardian and Victorian architecture. The jewel in Armadale’s crown though is its village style atmosphere with its shopping, antiques, jewellery, art galleries and restaurants.

With a myriad of pretty parks including Toorak Park and the Union Street Gardens, Armadale is considered to be amongst the best of Melbourne’s blue chip suburbs. With close proximity to the CBD, transport and a number of Melbourne’s leading private schools, Armadale is the essence of peaceful sophistication for professionals, families and retirees alike.

8.1 MAP DENOTING LOCATION OF ARMADALE



## 8.2 MELBOURNE MEDIAN HOUSE VALUES



Source: Corelogic

## 8.3 LOCATION SUMMARY – TRANSPORT

Armadale is accessible by Road via the main thoroughfares of Wattletree Road, Malvern Road and High Street and has convenient access to the Monash Freeway to the North and Princes Highway on its' Southern boundary.

Armadale Train Station connects the suburb to the CBD and bayside suburbs, Tram routes 3, 5, 6, 16, 64, 72 and 78 all connect Armadale with surrounding suburbs whilst bus routes 220 and 605 also run through the suburb.

## 8.4 ECONOMIC STABILITY AND GROWTH

Armadale and its surrounding suburbs are within the City of Stonnington, a residential and commercial area, with some industrial, office and institutional land use. The City includes some of Melbourne's most prestigious residential localities. Commercial areas include shopping and lifestyle strips along several of the main roads. The City encompasses a total land area of about 26 square kilometres with Armadale occupying 2.2 Square kilometres.

## 8.5 SUBURB DATA

### 8.5.1 STONNINGTON STATISTICS:

- Gross Regional Product \$9.55 Billion
- Population 113,737 (2021 Forecast 123,031 / 2031 Forecast 137,903)
- Local Jobs 68,945
- Local Businesses 17,772
- Employed Residents 69,077
- Largest Industry - Retail

Total Household Expenditure in Stonnington averaged \$201,069 76% above the Victorian average of \$114,045.

### 8.5.2 ARMADALE STATISTICS:

All private dwellings	4,646
Average people per household	2.1
Median weekly household income	\$1,990
Median monthly mortgage repayments	\$2,350
Median weekly rent	\$381
Average motor vehicles per dwelling	1.4

Source: id.com.au

### 8.5.3 POPULATION GROWTH FORECAST

Between 2016 and 2036, the population for the City of Stonnington is forecast to increase by 31,651 persons (28.36% growth), at an average annual change of 1.26%.

Armadale is forecast to grow from 9054 in 2016 to 11,231 by 2021 and 11,878 by 2036 a total increase of 2,092 or 0.97%.

The Main SPV has provided a price finder report which has key data regarding the suburb. A full copy of this report can be found here and in the references section.

<https://www.dropbox.com/s/wonwmpkm9gip13/Armadale%20Market%20Report.pdf?dl=0>

Key excerpts from this report are listed below.

### 8.5.4 MEDIAN SALES PRICE

The median price of houses sold in Armadale in 2000 was \$535,000. Over the last 17 years it had seen an increase in median sale price to \$2,037,500 in 2017, this represents an increase of 381% which is an average increase in growth of 8.18% pa. Units in Armadale have grown at a faster rate of 10.68% from a median sales price of \$124,750 in 2000 to \$700,000 in 2017.

Following table provides data for median price of housing in Armadale over time.



Source: Pricefinder

Statistics are calculated over a rolling 12 month period. The Main SPV has provided a copy of a market analysis report they commissioned

#### 8.5.4.1 IMPACT OF REAL ESTATE MARKET SLOW DOWN IN ARMADALE

Armadale has not been immune to the general slowdown in the real estate market. As shown in the above graph there has been a dip in the both the number of sales and the median price of the product sold. Although the median price above does not reflect an actual drop in price, it is indicative that properties with lesser price points have been selling more.

There is however also an absolute drop in price in Armadale.

Metrics ⓘ	HOUSE	UNIT
Median price	\$1,698,500	\$624,750
Quarterly growth	-8.21%	-0.44%
12-month growth	-19.12%	-10.78%
Average Annual Growth	3.18%	3.86%

Source: Corelogic

Apartment sales are taking longer to materialize and there are listings which are over 5 months old. Investors should consider the impact of slowdown in real estate market on the project.

## 9 THE PROJECT

Located in the sophisticated and stylish suburb of Armadale, this development will become the The Gateway to the High Street shopping Precinct. With meticulous design by Bayley Ward architects, the two ground floor spaces are ideally suited to offer a high end wining and dining experience or a designer boutique fashion store, whilst the planned luxury apartments will set a new standard for the suburb's well heeled residents with generous living spaces boasting unimpeded city views. Nestled in a location with high demand from affluent local down sizers and aspiring professionals, the completed residences will command a premium price from those wishing to experience the Armadale lifestyle.

The completed building will comprise a mix of 2-3 bedroom residences with internal sizes from 118m<sup>2</sup> through to a full floor penthouse exceeding 300m<sup>2</sup>.



Artist impression of the completed apartments - based on the lodged permit application design

### 9.1 SITE DETAILS

A prime site located within a Commercial 1 Zone with retail frontage to High Street. Ideally situated metres from the High Street and Kooyong Road intersection and within direct proximity of ample public transport. Positioned at the gateway to the prestigious Hlgh Street shopping and dining precinct, the property is surrounded by a highly affluent demographic.

Total Site Area	818 sqm*
Street Frontage	High Street - 20.18 m*

Zoning	Commercial 1 Zone (C1Z)
Overlays	Heritage Overlay (HO)
	Special Building Overlay (SBO)
Council	Stonnington

## 9.2 END PRODUCT DETAILS

929 - 933 High Street, Armadale									
Apt.	Configuration	Beds	Bath	Cars	Int. Sqm	Ext. Sqm	Total	Aspect	
<b>Ground</b>									
G01	3 Bed	3	2	2	175.0	88.0	263.0	NW	
C1	Commercial				165.0	46.0	211.0	S	
C2	Commercial				70.0	0.0	70.0	S	
<b>3</b>				<b>2</b>	<b>410</b>	<b>134</b>	<b>544</b>		
<b>Level 1</b>									
101	2 Bed	2	2	2	133.0	30.0	163.0	N	
102	2 Bed	2	2	2	123.0	16.5	139.5	NW	
103	2 Bed	2	2	2	121.0	25.5	146.5	SW	
<b>3</b>				<b>6</b>	<b>377.0</b>	<b>72</b>	<b>449</b>		
<b>Level 2</b>									
201	2 Bed	2	2	2	133.0	30.0	163.0	N	
202	2 Bed	2	2	2	123.0	16.5	139.5	NW	
203	2 Bed	2	2	2	114.0	14.5	128.5	SW	
<b>3</b>				<b>6</b>	<b>370.0</b>	<b>61.0</b>	<b>431.0</b>		
<b>Level 3</b>									
301	2 Bed	2	2	2	133.0	30.0	163.0	N	
302	2 Bed	2	2	2	123.0	16.5	139.5	NW	
303	2 Bed	2	2	2	110.0	14.5	124.5	SW	
<b>3</b>				<b>6</b>	<b>366.0</b>	<b>61.0</b>	<b>302.5</b>		
<b>Level 4</b>									
401	3 Bed	3	3	3	215.0	35.0	250.0	N	
402	3 Bed	3	3	3	138.0	40.0	178.0	W	
<b>2</b>				<b>6</b>	<b>353.0</b>	<b>75.0</b>	<b>428.0</b>		
<b>Level 5</b>									
501	4 Bed	3	3	5	270.0	103.0	373.0	N	
<b>1</b>				<b>5</b>	<b>270.0</b>	<b>103.0</b>	<b>373.0</b>		
<b>15</b>				<b>31</b>	<b>2146</b>	<b>506</b>	<b>2528</b>		

## 9.3 STATUS OF PLANS

The property is zoned Commercial 1 and an application for development approval was lodged with Stonnington City Council on January 11, 2019. A copy of the plans being submitted for approval is available here

[https://www.dropbox.com/s/8mp8brdkme15vw9/181213\\_WIP\\_929-933%20High%20Street%20Armadale%20-%20Town%20Planning%20Application.pdf?dl=0](https://www.dropbox.com/s/8mp8brdkme15vw9/181213_WIP_929-933%20High%20Street%20Armadale%20-%20Town%20Planning%20Application.pdf?dl=0)

In preparation for lodging the application, the Company has engaged and paid a number of consultants, including architects, town planners, Heritage Architect, Traffic Consultant, Waste Consultant. These consultants were responsible for delivering the lodged application.

All consultants have been paid in full for all works completed up to the lodging of the permit application.

The planning process requires a payment to the state government of the Metropolitan Planning Levy for \$15,600 and a planning application fee to Stonnington Council of \$9,122.20 both of these have been paid.

The site is subject to a Heritage Overlay that requires a permit to demolish an existing building. The development application retains the majority of the existing buildings with minimal demolition. A Heritage Consultant has inspected the site, reviewed the development plans and issued a report supporting the development design being applied for approval.

The proposed restoration and heritage-related works will repair and where appropriate to reinstate the significant building elements of the existing heritage buildings on the subject site.

In the case of 929-931 High Street, the existing brickwork will be restored to its original appearance. The chimneys will be repaired. The veranda superstructure will be retained and refinished appropriately. The slate roof to the main roof form will be repaired and reinstated where it has been removed. In addition, the open space in front of the original house will be retained. The frontage will be demarcated from the street by a new fence with openings equating to original gate positions.

The shopfront of 933 High Street will be retained and repaired. Its external walls, including the parapet, will be repainted and retained.

These proposed restoration works are in line with the City of Stonnington Design Guidelines, which states that significant building fabric, including early shopfronts and verandas, should be reinstated.

### **9.3.1 PROPOSED PLANS**

The Company commissioned a Town Planning Report from Human Habitats which has been submitted with the planning application. The Town Planning Report provides significant analysis of the planning requirements and details how the requirements have been met and how the application complies with each component of the planning scheme.

The following is an extract from the report which provides an executive summary:

## 1 Executive Summary

The land at 929 – 933 High Street, Armadale<sup>1</sup> [the ‘subject site’] is located within an established Commercial 1 Zone [C1Z], Design and Development Overlay – Schedule 19 [‘DDO19’], Heritage Overlay – Schedule 400 [‘HP400’] and Special Building Overlay [‘SBO’]. The site forms part of the High Street Rail and Retail Precinct [HO400] where the development typology comprises predominately Victorian, Edwardian and interwar dwellings and buildings and shops<sup>2</sup>. There are also more recent inclusions of contemporary built form within reasonable proximity to the site.

The proposed development has been designed to the constraints of the site and heritage sensitivities to allow for the proposed construction of a high quality, innovative building that has been craftily sited behind the existing heritage forms located on the site.

The level of significance for the existing buildings have been identified as ‘significant’<sup>3</sup>, being ‘B-Graded’<sup>4</sup> buildings, pursuant to Clause 22.04-2 of the Stonnington Planning Scheme (the ‘Scheme’).

Upon review of the key policies and objectives of the Scheme, we consider the proposal presents a high quality, innovative design response. The response has aptly considered the heritage controls and outcomes sought by the influence of DDO19. On this basis, it is our view that a planning permit should be granted, subject to reasonable and relevant standard conditions.

A full copy of the report is available here

<https://www.dropbox.com/sh/g1e06f2bhevojp4/AADfGJnmiAD2zVGqVu05ABKaa?dl=0&preview=008+-+929+-+933+High+Street%2C+Armadale+-+Town+Planning+Report.pdf>

Key excerpts from the proposed plans that highlight floor layouts on various levels are provided below. They are also provided in detail in the drawings referenced above.



#### 9.4 STATUS OF LAND PURCHASE

Contracts have been exchanged for the purchase of the site at 929-933 High Street, Armadale, VIC 3143 with a settlement date of 28 February 2019. A copy of the purchase contracts can be found at

<https://www.dropbox.com/s/i1r01hmd3uhkdy8/Fully%20Executed%20Contract%20of%20Sale%20and%20Selection%20-%20929-933%20High%20Street%2C%20Armadale%20%281%29.pdf?dl=0>

Key excerpts from the above agreements are as below

Key excerpts from the Contracts are as follows

**PAYMENT** (general condition 11)

PRICE \$ 6,300,000

DEPOSIT \$ 480,000 by 31/08/2018 (of which \$ 1,000 has been paid)

BALANCE \$ 5,820,000 payable at settlement

**GST** (general condition 13)

The price includes GST (if any) unless the words 'plus GST' appears in this box:

**SETTLEMENT** (general condition 10)

is due on 28/02/2018 18

unless the land is a lot on an unregistered plan of subdivision, in which case settlement is due on the later of:

- the above date; and
- 14 days after the vendor gives notice in writing to the purchaser of registration of the plan of subdivision

The deposit has been paid and the receipts can be found at the link below

<https://www.dropbox.com/s/o2zzpnehutk2581/Deposit%20Receipt.pdf?dl=0>

Key excerpts as follows:

Date: 23.08.2018	Original 3686
<b>TRUST ACCOUNT RECEIPT</b>	
Payment received by: Electronic Transfer	
Payment received from: 929 High Street Armadale PL and/or nominee	
Amount (ex GST): \$1,000.00	
GST: -	Sum of: ONE THOUSAND DOLLARS AND NO CENTS
TOTAL: \$1,000.00	Being for: 929-933 High Street, Armadale
Principal Licensee Details: <b>savills</b> Savills (VIC) Pty Ltd ABN: 76 006 646 199 Level 48, 80 Collins Street Melbourne VIC 3000	Account: Cheques are accepted subject to clearance. Issuer: Fabrizio Guerrero Signature: 

Date: 03.09.2018	Original 3697
<b>TRUST ACCOUNT RECEIPT</b>	
Payment received by: Cheque	
Amount (ex GST): \$479,000.00	
GST: -	Sum of: FOUR HUNDRED SEVENTY NINE THOUSAND DOLLARS AND
<u>TOTAL: \$479,000.00</u>	NO CENTS
Being for: 929-933 High Street, Armadale	
Principal Licensee Details:	Account:
<b>savills</b> Savills (VIC) Pty Ltd ABN: 76 006 646 199 Level 48, 80 Collins Street Melbourne VIC 3000	Cheques are accepted subject to clearance. Issuer: Fabrizio Guerrero  Signature: _____

#### 9.4.1 SUBJECT TO LEASES

The land has been bought subject to leases. Page 53 of the Contract contains the lease agreement for 929-931 High Street, Armadale. This is for a 5-year lease commenced 11 May 2013 and ended on 11 May 2018 with a further term of 5 years from that date, which was exercised. Page 88 of the Contract provides the lease agreement for 933 High Street, Armadale. This is a 4-year lease commenced on 17 February 2016 with an option for a further term of 4 years.

This has the following impacts:

1. Till the project is ready to commence construction, the leases will provide an income to the Main SPV.
2. Once the project is ready to commence construction, the lessee's have indicated willingness to the management of the Main SPV to vacate the premises at the request of the Main SPV (Who is the lessor). As of the date of this prospectus, the Main SPV has engaged lawyers to update the terms of the leases to allow the lessors to terminate the leases earlier on demand. Investors will be provided a copy of the updated lease agreements highlighting this provision once it is ready. As of the date of this prospectus this is however not ready which creates a risk that in the event the lessee's do not agree to terminate the leases earlier than the completion of the term, the construction phase of the project will be inordinately delayed. In such a scenario, instead of waiting for the leases to complete, the Main SPV would look to sell the site to another buyer and pay the investors their returns due their returns accrued till date giving investors a faster exit. This would depend on a willing buyer being available at that point time who is interested in acquiring the site at a suitable price that will allow the Main SPV to pay the investor returns. Investors should factor in the possibility that these circumstances could lead to delays in the projects progress and the returns that are being targeted.

#### 9.4.2 LAND PURCHASE COSTS

Land Purchase Price	\$6,300,000
Legals/contracts (purchase)	\$3,500.00

Company formation	\$1500.00
Stamp Duty on Transfer	\$346,500
Agents Fees	<b>\$63,000</b>
Total Purchase Costs	<b>\$6,713,000</b>

#### 9.4.3 FUNDING SOURCE FOR LAND PURCHASE

Deposit	\$480,000
Company Loan	\$2,453,000
Borrowing from Bank	\$3,780,000
Total	<b>\$6,713,000.00</b>

Note that the proposed borrowing from a senior lender is critical for settlement of Land. If this does not materialize for any reason then the land cannot be acquired and the project cannot proceed. In such a circumstance there would be some costs incurred such as architects, consultants etc for which investor funds would have been used. This scenario would mean that the Main SPV would seek to sell the property and use the funds from the sale to repay the Company. This could result in investors losing a portion of their invested capital if the Main SPV is not able to achieve a high enough sales price. Please see the specific risks section in the investment overview.

Separately If only the minimum subscription is achieved then the borrowings will increase leading to higher amounts to be paid before investors can be paid. Please see gearing risk in the investment overview (section 4).

The Company has received an Indicative Funding Proposal from Balmain NB Commercial Mortgages Limited, its preferred 1st mortgage lender. A condition of the loan is the provision of a real estate valuation. A full copy of the proposal can be accessed here:

[https://www.dropbox.com/preview/Public/IFProposal%20\(Jan2019\)%20-%20929%20High%20St%C2%20Armadale%2C%20Vic.pdf?role=work](https://www.dropbox.com/preview/Public/IFProposal%20(Jan2019)%20-%20929%20High%20St%C2%20Armadale%2C%20Vic.pdf?role=work)

The construction stage loan will be applied for between 3 and 6 months after receiving the development approval and is expected to take 2-4 weeks for approval. Based on management's previous experience and discussions with the preferred lender, it is currently anticipated that the construction stage loan will be for a term of 2 years to cover the construction and sale settlements and is expected to be on similar terms to the current funding proposal. Similar to the initial loan proposed for the land settlement, the construction stage loan is subject to its own risks of being approved including being subject to interest rate movements and market sentiments leading up to the construction stage loan application.

The following is an extract from the proposal:

# Indicative Funding Proposal

## Borrower

929 High Street Armadale Pty Ltd A.C.N. 628 357 602 (to be confirmed)

## Loan Amount

\$4,095,000 or lesser of 65% of current market valuation (excluding GST) of '929-933 High Street, Armadale, Vic'

## Purpose of Loan

Assist with the purchase of '929-933 High Street, Armadale, Vic'

## Settlement Date

28 February 2019

## Term

12 Months

## Draw Down

Fully drawn at settlement

## Principal Repayments

Principal reductions are not required.

## Repayment

The principal amount is repayable in full at expiration of the term of the loan or negotiated for a further term.

## Interest

Prepay interest for the full loan term

## Interest Rate

Indicative Whole Rate
9.50% p.a.

The Main SPV has had discussions with the preferred lender surrounding the potential to extend the term of the loan if required at 12 months. While it has been indicated that an extension by 6 months would be considered, there is a risk (as defined in the Investment Overview) any time at which a loan or loan extension is being sought. If the Main SPV is unable to attain an extension or re-finance at that time, if required, this scenario would mean that the Main SPV would seek to sell the property and use the funds from the sale to repay the Company. This could result in investors losing a portion of their invested capital if the Main SPV is not able to achieve a high enough sales price. Please see the specific risks section in the investment overview.

The proposed borrower from the Lender outlined in the Indicative Funding Proposal is related to the pre-construction stage. As outlined earlier, the construction stage of the development will require a

construction stage loan to be approved. The construction loan will be used to repay the loan under the Indicative Funding Proposal, as well as being used towards funding the construction stage of the project.

## **9.5 STATUS OF BUILD**

Since the plans are yet to be approved, a fixed price build contract cannot be obtained at this stage.

The Main SPV is planning to use Samssons Projects as its builder. A fixed price contract will be obtained on commercial terms once the plans are approved. Per the Main SPV, the build cost is estimated to be \$12.5 million.

Samssons Projects is a privately owned building and construction company specialising in the construction of medium rise, residential and commercial projects in Melbourne.

Samssons Projects was established in 2010 by three brothers, Chahid, Joseph and Sammy Kairouz, with over 40 years experience in commercial and residential construction.

Operating from a space strategically located in Melbourne, this boutique practice offers a high level of director input throughout the project management and construction delivery.

The Samssons team is made up of the following experienced construction professionals: Project Managers; Contract Administrators; Site Managers; OH&S / Environmental Officers; Estimating / Tendering Teams; High Spec Design and Fit Out Managers; and Support Personnel / QA.

Samssons Projects have provided the following estimate of the construction costing based upon the plans submitted with the lodged planning application. The estimate was prepared by:

Matthew Halkyard  
Project Manager at Samssons Projects

Experience:  
Samssons Projects  
Project Manager  
2013 - Present

Private Construction Company  
Construction Coordinator  
2008 - 2013 (6 years)

Education:  
University of Melbourne  
Bachelor of Commerce (B.Com.), Marketing and Economics · (2006 - 2009)

University of Melbourne  
Bachelor of Property and Construction (BPD) · (2006 - 2009)

## Preliminary Cost Estimates

Project: 929-933 High St, Armadale



Based on Total Floor Area

Level	Floor Area (m2)			
	Apartment/Tenancy	Balcony/POS	Common Area/Carpark	Gross Floor Area
Lower Basement			380.8	380.75
Upper Basement	102.32		420.6	522.92
Ground	342.1	126.4	246.1	714.55
Level 1	381.6	83.9	59.2	524.74
Level 2	374.4	64.0	59.2	497.65
Level 3	371.1	64.0	59.2	494.38
Level 4	353.0	77.7	53.8	484.53
Level 5	273.9	159.7	33.1	466.69
Total				4086.21
			Low	High
Rate			\$ 2,200.00	\$ 2,325.00
Project Cost Estimate			\$ 8,989,662.00	\$ 9,500,438.25
PC Sum - Car Stacker			\$ 1,500,000.00	\$ 1,700,000.00
PC Sum - Curved Façade & Structure			\$ 500,000.00	\$ 600,000.00
PC Sum - Heritage Works			\$ 200,000.00	\$ 200,000.00
Project Cost Estimate			\$ 11,189,662.00	\$ 12,000,438.25

Based on Area Type

Level	Type	Area	Rate	Cost
Lower Basement	Carpark	380.8	\$ 1,000.00	\$ 380,750.00
Upper Basement	Carpark	355.2	\$ 1,000.00	\$ 355,240.00
	Common Area	65.4	\$ 2,300.00	\$ 150,328.00
	Retail Shell	102.3	\$ 2,000.00	\$ 204,640.00
	POS	126.4	\$ 1,600.00	\$ 202,256.00
G	Common Area	246.1	\$ 2,300.00	\$ 565,915.00
	Lobby	98.3	\$ 2,600.00	\$ 255,476.00
	Apartments	181.1	\$ 2,750.00	\$ 498,107.50
	Retail Shell	161.0	\$ 2,000.00	\$ 321,920.00
1	Common Area	59.2	\$ 2,300.00	\$ 136,252.00
	Apartments	381.6	\$ 2,750.00	\$ 1,049,482.50
	Balconies	83.9	\$ 2,100.00	\$ 176,127.00
2	Common Area	59.2	\$ 2,300.00	\$ 136,252.00
	Apartments	374.4	\$ 2,750.00	\$ 1,029,572.50
	Balconies	64.0	\$ 2,100.00	\$ 134,442.00
3	Common Area	59.2	\$ 2,300.00	\$ 136,252.00
	Apartments	371.1	\$ 2,750.00	\$ 1,020,580.00
	Balconies	64.0	\$ 2,100.00	\$ 134,442.00
4	Common Area	53.8	\$ 2,300.00	\$ 123,740.00
	Apartments	353.0	\$ 2,750.00	\$ 970,750.00
	Balconies	77.7	\$ 2,100.00	\$ 163,233.00
5	Common Area	33.1	\$ 2,300.00	\$ 76,084.00
	Apartments	273.9	\$ 2,750.00	\$ 753,280.00
	Balconies	159.7	\$ 2,100.00	\$ 335,349.00
Other	Lift (5 levels)	5.0	\$ 19,000.00	\$ 95,000.00
PC Sum	Car Stacker			\$ 1,700,000.00
PC Sum	Curved Façade			\$ 600,000.00
PC Sum	Heritage Works			\$ 200,000.00
Project Cost Estimate				\$ 11,905,470.50

Estimate Project Duration: 15-18 months

## **9.6 PROJECT VALUE ASSESSMENT**

The Main SPV has appointed CBRE as the master marketing and selling agent for the project. CBRE has provided an “as if complete” market value assessment which can be accessed here.

<https://www.dropbox.com/s/gp7yvskuxn1k2wa/Value%20Assessment%20929%20-%20933%20High%20Street.pdf?dl=0>

Investors should note that CBRE is not an independent party given their role as selling agent.

The full report follows

## Project Value Assessment

**Property:** 929-933 High Street  
Armadale VIC 3143

**Provided For:** 929 High Street Armadale Pty Ltd

**Prepared By:** Fil Gacesa  
Director CBRE

**Date:** 12<sup>th</sup> January 2019



## Introduction

### 1.1 Instructions

We have been instructed to assess the "As if complete" Market Value of the residential and commercial property to be constructed at 929-933 High Street, Armadale VIC 3143 as at date of inspection.

### 1.2 Purpose of Valuation

This assessment has been prepared for 929 High Street Armadale Pty Ltd for asset management purposes. This is an "as if complete" assessment and takes into consideration current market conditions, the plans, and specifications for the proposed development.

### 1.3 Date of Assessment

10<sup>th</sup> January 2019

## 1. Title and Statutory Details

### 2.1 Registered Owner/s

Gayle Osborne (According to Title Search – Refer to Appendix A)

A contract of Sale between Gayle Osborne and 929 High Street Armadale Pty Ltd has been executed with Settlement due on 28 February 2019.

### 2.2 Real Property Description

Lot 1 on Title Plan 693589B (formerly known as part of Portion 50 Parish of Prahran).

PARENT TITLE Volume 02131 Folio 100

Lot 1 on Title Plan 399762E (formerly known as part of Portion 50 Parish of Prahran).

PARENT TITLE Volume 02279 Folio 750

### 2.3 Previous Sale History

\$255,000 on 13/07/1999 (According to our RP Data search)

### 2.4 Statutory Assessment

The City of Stonnington has assessed the Site Value, for rating and land tax purposes, at \$4,650,000 as at 23<sup>rd</sup> May 2018.

## 2. Town Planning

### 3.1 Local Authority

The Local Authority is the City of Stonnington Council

### 3.2 Local Authority Classification and Scheme

The subject property is located within the Commercial 1 Zone (C1Z)

### 3.3 Town Planning Approvals

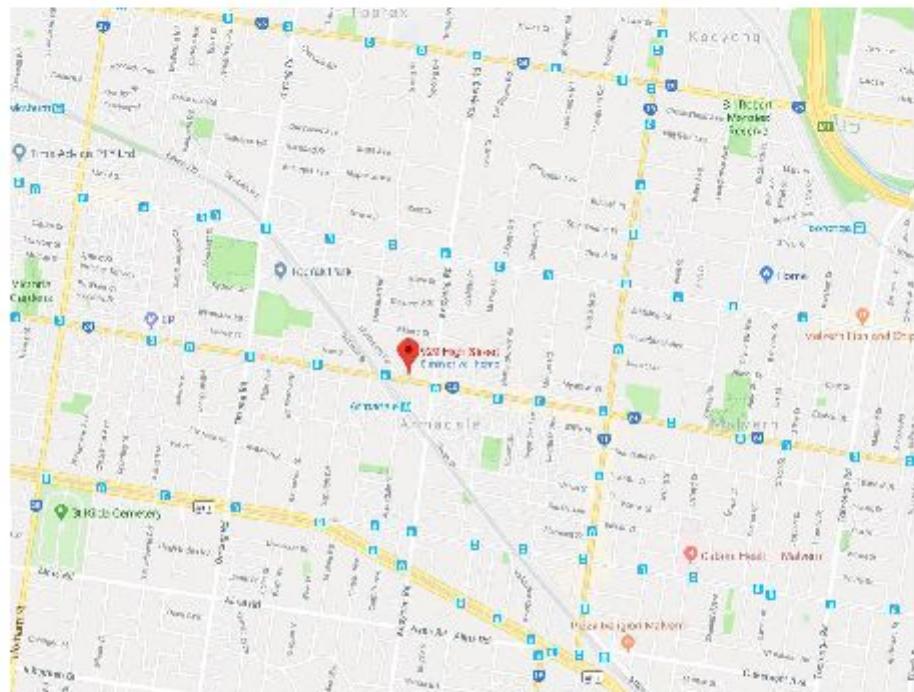
There are currently no development approvals with the City of Stonnington Council. 929 High Street Armadale Pty Ltd has provided a town planning application pack that includes the plans for the building being applied for approval.

### 3. Location and Site Details

#### 3.1 Situation and Locality

The property is located in the established suburb of Armadale, situated approximately six kilometres South-east of the Melbourne CBD.

#### 3.2 Street Map



### 4. Proposed Development

#### 4.1 General Description

The proposed development is for a 6 Storey Building set behind the existing Heritage Buildings comprising 13 large apartments and 2 commercial / retail spaces with basement parking.

**4.1 Schedule of Units****Residential**

UNIT	Level	Bedrooms	Bathrooms	Carparks	Size m2	Ext m2	Total m2	Aspect
G1	Ground	3	3	3	172	88	270	NW
101	1	2	2	2	133	30	163	N
102	1	2	2	2	123	16.5	139.5	NW
103	1	2	2	2	122	30.8	152.8	SW
201	2	2	2	2	133	30	163	N
202	2	2	2	2	123	16.5	139.5	NW
203	2	2	2	2	122	30.8	152.8	SW
301	3	3	3	3	215	35	250	N
302	3	3	3	3	144	18	162	W
401	4	3	3	3	215	35	250	N
402	4	3	3	3	144	18	162	W
501	5	3	3	5	325	100	425	N

**Commercial / Retail Space**

UNIT	Size m2	External Size m2	Basement Size m2
C1	80	46	85
C2	70		

**5. Basis of Assessment****5.1 Highest and Best Use**

The highest and best use of a property may be defined as:

The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued (*Australian Property Institute Professional Practice, Fifth Edition*).

In our opinion, the subject property when developed according to the plans provided is being utilised according to its highest and best use.

**5.2 Assessment Rationale**

This assessment has been undertaken to determine the Market Value of the unencumbered freehold interest of the subject property.

**Definition:** *Market Value is defined as the estimated amount at which an asset should exchange at the date of valuation between a willing but not anxious buyer and a willing but not anxious vendor in an arms-length transaction after proper marketing, wherein the parties had each acted knowledgeably and without compulsion.*

**5.3 Local Apartment Market**

The Armadale apartment market has a diverse with a range of walk up flats and art deco units. Recently the construction of luxury apartments has increased as affluent professionals and older couples look find a secure, comfortable and low maintenance home with all the amenity Armadale has to offer.

These luxury apartments are becoming a suitable alternative to some of the older style villa's and townhomes in the area with prices in each category being considered by buyers.

## 6. Assessment Methodology

### 6.1 Method of Valuation

The method of valuation employed for this assessment is one of direct comparison.

The Direct Comparison method involves the comparison of the property to advertised sales and recently completed sales of similar properties within the local area which are sufficiently alike to enable them to be compared without much adjustment for points of difference.

### 6.2 Sales Analysis

The following is a list of the most relevant sales evidence taken into consideration in this assessment.

### 6.3 Comparable Properties Currently for Sale

#### Property 1. TOORAK PARK – Distance from Subject Site 500m

Completed Development of 446 apartments and 18 townhouses

Price Range \$805,000 - \$2,025,000      Average Rate: \$12,000m2

Comparison: Inferior Overall



Toorak Park – Recently completed development  
Toorak Park  
250 Brighton Road, Armadale



\$2,025,000 net\*  
Recently completed and available for lease for 12 months  
Beds: 3 & 2 & 2

\$1,895,000 net\*  
Recently completed and available for lease for 12 months  
Beds: 3 & 2 & 2 & 2 121 m<sup>2</sup>

\$1,435,000 net\*  
Completed apartment ready to move in  
Beds: 3 & 2 & 2 121 m<sup>2</sup>

\$1,219,500 net\*  
Completed and available for lease for 12 months  
Beds: 3 & 2 & 2 121 m<sup>2</sup>

\$805,000 net\*  
Secure your Toorak Park apartment at an exclusive price for 12 months  
Beds: 2 & 2 & 1 121 m<sup>2</sup>

Source: realestate.com.au

#### Comments

This development is in an inferior location being further from the High Street shopping precinct, has smaller average apartment sizes and a much higher density amount of dwellings. The internal appointment is at a lower quality than the subject property resulting in an overall inferior property when compared to the subject property.

## 2. ORRONG – Distance from Subject Site 750m

Off the Plan Sales of 9 x 3 bedroom town residences

Price Range: \$2,150,000 - \$3,200,000 Average Rate: \$17,000m<sup>2</sup>

Comparison: Comparable Overall

### ORRONG



An Executive Collection of 9 Luxury Residences

Demons  
367 Dining Room, Armadale

1 Bed 1 Bath | Details >



\$3,200,000  
Spacious Family Outdoor Living + Interiors  
3 Bed 3 Bath 144 m<sup>2</sup>

\$2,875,000  
Three Bedroom Three Bathroom Luxury Townhouse  
3 Bed 3 Bath 117 m<sup>2</sup>

\$2,675,000  
Three Bedroom Town Residence with rooftop Entertaining  
3 Bed 3 Bath 117 m<sup>2</sup>

\$2,150,000  
Three Bedroom Residence with 1BR  
3 Bed 3 Bath 117 m<sup>2</sup>

Source: realestate.com.au

### Comments

This property is in an inferior location to the subject property by being further from the shopping, public transport and amenity of High Street, it has comparable dwelling sizes and quality of appointment. The external areas are marginally superior to offset the inferior location and result in an overall comparable property.

## 3. ALARA – Distance from Subject Site 40m

Off the Plan Sales of 19 apartments

Price Range: \$845,000 - \$4,895,000 Average Rate: \$13,860m<sup>2</sup>

Comparison: Comparable Overall

### ALARA ARMADALE



Demand Sales Now Open by Appointment

ALARA  
950 High Street, Armadale

MARSHALLWHITE

Or Save Details >



\$4,895,000  
A SINGULAR SENSE OF ARRIVAL  
3 Bed 3 Bath 143 m<sup>2</sup>



\$3,895,000  
OPEN TO POSSIBILITY  
3 Bed 3 Bath 112 m<sup>2</sup>



\$2,295,000  
A NATURAL BEAUTY  
3 Bed 2 Bath 112 m<sup>2</sup>



\$1,150,000  
THE HEART OF THE HOME  
2 Bed 2 Bath 82 m<sup>2</sup>



\$845,000  
EXPAND YOUR HORIZON  
2 Bed 2 Bath 82 m<sup>2</sup>

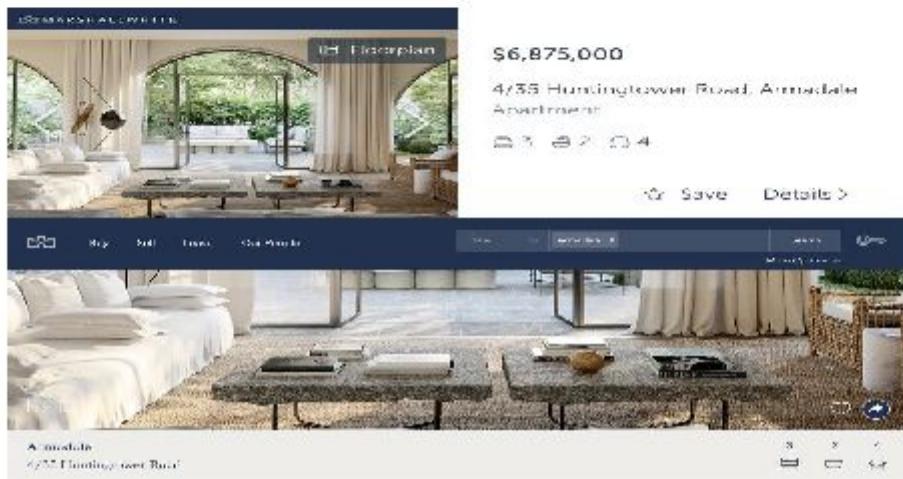
Source: realestate.com.au

#### Comments

This development is in a directly comparable location being 50m from the subject property and has comparable dwelling sizes and quality of appointment. An overall comparable project.

#### 6.4 Comparable Properties Recently Sold

**Sold 1:** 4/35 Huntingtower Road Armadale  
**Date of Sale:** January 10, 2019  
**Price:** \$6,875,000 (Agents Advice)    **Size:** 340m<sup>2</sup>    **Rate:** \$20,220m<sup>2</sup>  
**Comparison:** Superior Overall



Source: realestate.com.au, marshallwhite.com.au

#### Comments

This property includes 340sqm of internal space and 214sqm of garden. It is in a comparable location close to the High Street shops yet further from the train station with a comparable quality of appointment to the subject property. It has 2 living areas and a private theatre / rumpus / gym room together with a 4 car private garage separate from the buildings basement. As a standalone property, this is bigger with more amenity and therefore is overall superior to the subject property.

**Sold 2.** 8/35 Huntingtower Road Armadale**Date of Sale:** May 9, 2018**Price:** \$2,975,000 (Agents Advice)**Comparison:** Comparable Overall**8/35 Huntingtower Road**

Armadale, Vic 3143

Apartment • 2 2 2

Contact agent

Sold on 09 May 2018

**Residence 8 - Spacious Terrace Residence**

The understated elegance of this sun-filled two bedroom plus study

residence creates an immediate impact and leaves a lasting impression.

**Price** \$2,975,000

Further enhanced by the coveted lifestyle of "Huntingtower Road"...

Source: realestate.com.au, castrangilbert.com.au

**Comments****This property is in a comparable location close to High Street to the subject property and is of a comparable size and quality. An overall comparable property.****Sold 3.** 6 Apartments at 959 High Street Armadale**Date of Sale:** September 2018 – January 2019**Price:** \$845,000 - \$4,075,000 (Agents Advice) Rate: \$11,541m<sup>2</sup> - \$18,282m<sup>2</sup>**Comparison:** Comparable Overall

Number of sold apartments	6
Gross Revenue	\$10,550,000
Price Range	\$845,000 - \$4,075,000

Type	No.	% of total	Average size per m <sup>2</sup>	Average price per m <sup>2</sup>	Average price
2 Bed, 2 Bath	4	67	88.2	\$ 11,541	\$ 1,020,000
3 Bed, 2 Bath	1	17	222.9	\$ 18,282	\$ 4,075,000
3 Bed, 2 Bath + PR	1	17	162.4	\$ 14,748	\$ 2,395,000

Source: Marshall White

**Comments****These properties are in a directly comparable location being 50m from the subject property and have comparable amenity, sizing and quality of appointment. Overall comparable properties.**

**10.3 Apportionment**

Based upon the sales evidence analysed, the Market Value of the subject property is assessed to be **\$33,085,000 (Thirty Three Million and Eighty Five Thousand Dollars)**, which is hypothetically apportioned as follows:

Price List 929 - 933 High Street, Armadale										
Ap#	Configuration	Beds	Baths	Cars	Int. Sqft	Fet. Sqft	Total	Price	Price PSF	
<b>Ground</b>										
G01	3 Bed	3	2	2	172.0	88.0	260.0	\$2,750,000	\$15,988	
C1	Commercial				195.0	48.0	243.0	\$1,695,000	\$38,692	
C2	Commercial				72.0		72.0	\$950,000	\$13,194	
<b>3</b>				<b>2</b>	<b>439</b>	<b>136</b>	<b>575</b>	<b>\$3,395,000</b>	<b>\$12,289</b>	
<b>Level 1</b>										
101	3 Bed	2	2	2	118.0	88.5	165.5	\$1,795,000	\$15,212	
102	2 Bed	2	2	2	115.0	26.5	141.5	\$1,785,000	\$15,527	
103	3 Bed	3	2	2	123.0	30.0	153.0	\$1,895,000	\$15,407	
<b>3</b>				<b>6</b>	<b>358.0</b>	<b>95.0</b>	<b>453.0</b>	<b>\$5,475,000</b>	<b>\$15,379</b>	
<b>Level 2</b>										
201	3 Bed	3	2	2	118.0	88.5	165.5	\$1,825,000	\$15,446	
202	2 Bed	2	2	2	115.0	26.5	141.5	\$1,810,000	\$15,739	
203	3 Bed	3	2	2	123.0	30.0	153.0	\$1,920,000	\$15,610	
<b>3</b>				<b>6</b>	<b>358.0</b>	<b>95.0</b>	<b>451.0</b>	<b>\$5,955,000</b>	<b>\$15,804</b>	
<b>Level 3</b>										
301	3 Bed	3	2	3	150.0	23.0	173.0	\$2,300,000	\$15,067	
302	3 Bed	3	2	3	190.0	47.0	237.0	\$3,050,000	\$15,053	
<b>2</b>				<b>6</b>	<b>340.0</b>	<b>70.0</b>	<b>410.0</b>	<b>\$5,480,000</b>	<b>\$15,971</b>	
<b>Level 4</b>										
401	3 Bed	3	2	3	150.0	23.0	173.0	\$2,450,000	\$15,232	
402	3 Bed	3	2	3	190.0	47.0	237.0	\$3,100,000	\$15,316	
<b>2</b>				<b>6</b>	<b>340.0</b>	<b>70.0</b>	<b>410.0</b>	<b>\$5,550,000</b>	<b>\$16,324</b>	
<b>Level 5</b>										
501	4 Bed	4	3	4	225.0	100.0	425.0	\$5,700,000	\$17,538	
<b>1</b>				<b>4</b>	<b>375.0</b>	<b>100.0</b>	<b>475.0</b>	<b>\$5,700,000</b>	<b>\$17,538</b>	
<b>14</b>				<b>30</b>	<b>2156</b>	<b>566</b>	<b>2722</b>	<b>\$33,105,000</b>	<b>\$15,355</b>	

## VALUE ASSESSMENT

The property at:

929 – 933 High Street

Armadale VIC 3143

Particularly described as:

**Lot 1 on Title Plan 693589B (formerly known as part of Portion 50 Parish of Prahran).**

**AND**

**Lot 1 on Title Plan 399762E (formerly known as part of Portion 50 Parish of Prahran).**

Including Plans lodged with Stonnington Council  
with Portal Reference Number:

**A119855m**

Has been reviewed and appraised from an "As if complete" Market Value as at 10<sup>th</sup> January,  
2019 at:

**\$33,085,000**

**(Thirty Three Million and Eighty Five Thousand Dollars)**

#### 9.7 UPCOMING SIMILAR PROJECTS IN ARMADALE

The Main SPV has provided a list of upcoming projects with similar product and their current status in Armadale. This data is sourced from the local council.

ADDRESS	DWELLINGS	STATUS
959 High Street, Armadale	19	Selling
960 High Street, Armadale	30	Under Construction
54 Wattletree Road, Armadale	21	Under Construction
70 Wattletree Road, Armadale	19	Development Approved
523 Dandenong Road, Armadale	27	Selling
5 Kooyong Road, Armadale	25	Under Construction
739 High Street, Armadale	13	In Planning
599 Dandenong Road, Armadale	23	Development Approved
969 High Street, Armadale	25	Development Approved
835 High Street, Armadale	35	Development Approved
72 Adelaide Street, Armadale	9	Selling
527 Orrong Road, Armadale	9	Selling
35 Huntingtower Road, Armadale	10	Under Construction

#### 9.8 EXPERIENCE OF MANAGEMENT WITH PROPERTY DEVELOPMENT PROJECTS

The management team has been involved in the following projects.

Project Image	Location	Project	Value	Status

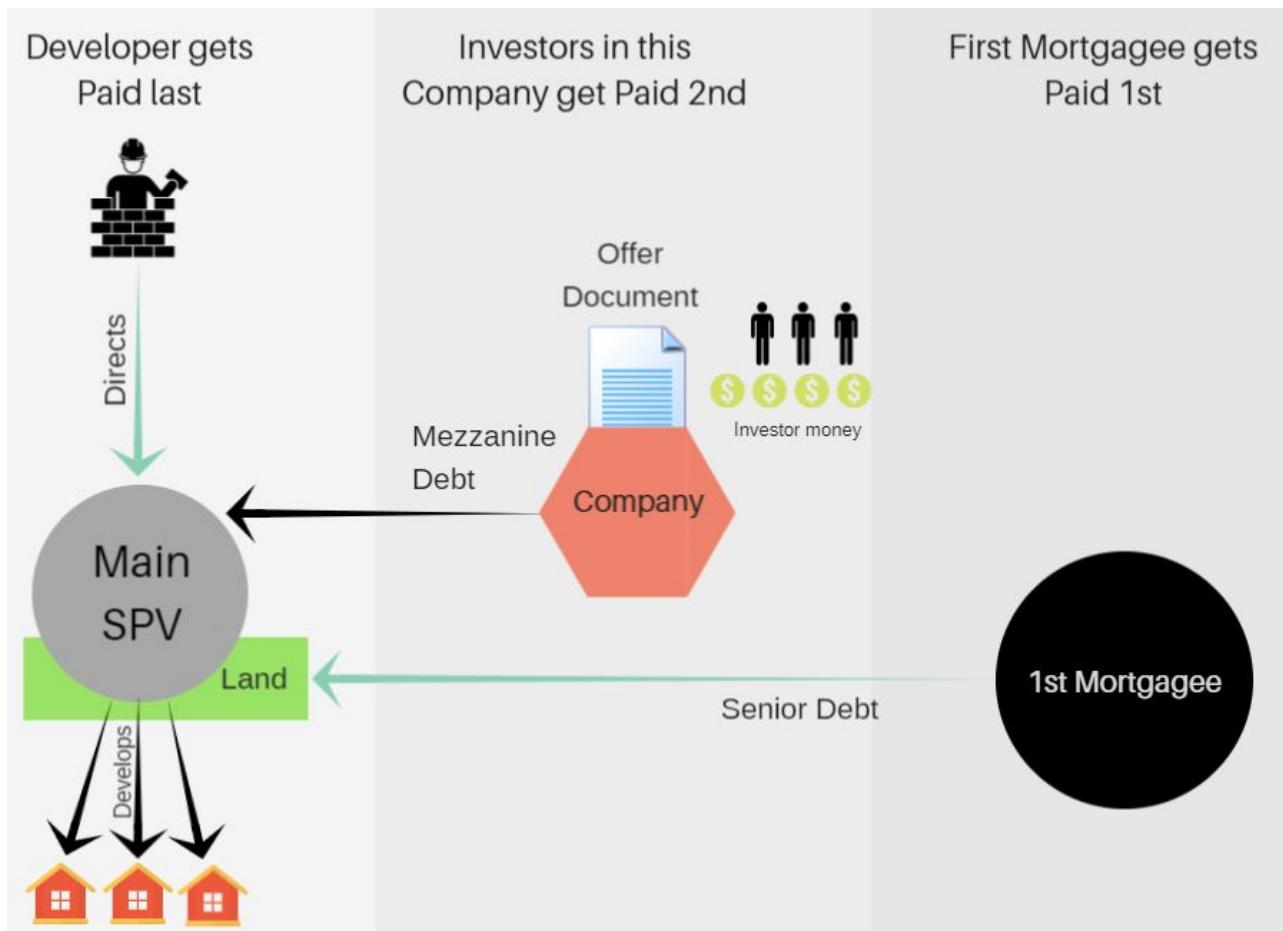
	49-51 Murarrie Road Murarrie QLD	12 apartments	\$6,500,000	Complete
	42-44 Wills Street Glen Iris VIC	12 Residences	\$12,000,000	Pre-Selling
Project Image	Location	Project	Value	Status
	23 Carawatha Road Doncaster VIC	9 Apartments	\$10,500,000	Sold Prior to Construction

**ARMADALE DEVELOPMENT COMPANY LTD**

	102-104 White Street Mordialloc VIC	38-44 Apartments	\$22,000,000	Development Application Lodged
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## 10 OPERATIONAL DETAILS

### 10.1 OPERATIONAL STRUCTURE



Note that this diagram assumes that the Development Company (Main SPV) do not borrow further funds from a lender in a senior position to the investors in case of a shortfall in funding (as explained at section 15.1.15 Gearing Risk);

### 10.2 PROPOSED DEBT FROM COMPANY TO MAIN SPV

A copy of this debt agreement between the Company and the Main SPV can be found here

<https://www.dropbox.com/s/fn4lv0e342sw4j3/UGC%20Loan%20Agreement.pdf?dl=0>

and is also included in the references section .

An excerpt showing the key terms of the Debt Agreement is as follows:

**SCHEDULE**

LOAN	upto \$6,000,000
INTEREST RATE	26.67% per annum capped to 80% absolute
TERM	36 months or completion of the project whichever is sooner
COMMENCEMENT DATE	once suitable funds are made available by the lender and no after 31 October 2019
LOAN DISBURSEMENT AND DRAWDOWNS	The loan will only be distributed when a minimum of \$4,000,000 can be lent by the lender to the borrower.  After the minimum \$4,000,000 disbursement is made the lender will distribute sums to the borrower monthly and the interest for those funds will be calculated from the date of that particular disbursement.
REPAYMENTS	Borrower may pay the entire principal or part of it at any point before the term is complete.  Principal repayments must be accompanied with interest accrued till that date for the portion of principal being repaid.

Given that the Main SPV can only pay the loan from the proceeds of the Development sales, in the scenario that the sale is not yet complete after 36 months, the loan term will be extended till such a sale may be achieved. This also means that in the event that if the sale was achieved faster the Main SPV will pay the loan amount including Principal and the interest due till that date giving investors an outcome faster.

Consider the following scenarios:

### 10.3 PROJECT COMPLETES IN 32 MONTHS

In this event the Main SPV will pay the 26.67% per annum for the amount and the duration it was lent to the Company and the Company will distribute the interest in the form of Dividends that are due to the investors.

Consider that the Company made the first disbursement of \$100,000 which was lent for 32 months and then another for \$500,000 next month which means it was invested for 31 months.

While repaying the Main SPV will pay out as the drawdowns based on the formula

$$\text{Interest} = (\text{Principal} * \text{Duration in months} * \text{Rate per year}) / (12 * 100)$$

Principal	Duration (in months)	Interest rate per annum	Interest
\$100,000	32	26.67%	\$71,120
\$500,000	31	26.67%	\$344,488
		TOTAL	\$415,608

The Main SPV would thus pay back a total interest of \$415,608 as described above which will then be distributed as dividends to investors in a similar manner depending on the time and amount they were invested for.

## 10.4 PROJECT COMPLETES IN 36 MONTHS

In this event the Main SPV will pay the 26.67% per annum for the amount and the duration it was lent to the Company and the Company will distribute the interest in the form of Dividends that are due to the investors.

Consider that the Company made the first disbursement of \$100,000 which was lent for 36 months and then another for \$500,000 next month which means it was invested for 35 months.

While repaying the Main SPV will pay out as the drawdowns based on the formula

$$\text{Interest} = (\text{Principal} * \text{Duration in months} * \text{Rate per year}) / (12 * 100)$$

Principal	Duration (in months)	Interest rate per annum	Interest
\$100,000	36	26.67%	\$80,010
\$500,000	35	26.67%	\$388,938
		TOTAL	\$468,948

The Main SPV would thus pay back a total interest of \$468,948 as described above which will then be distributed as dividends to investors in a similar manner depending on the time and amount they were invested for.

## 10.5 PROJECT COMPLETES IN 40 MONTHS

In this event the maximum interest rate the Main SPV would pay on any drawdown would be capped to 80% (which is effectively the interest rate for 36 months). If a drawdown was lent for more than 36 months then the interest would be calculated only for a maximum of 36 months. If however another drawdown was lent for less than 36 months then the interest would be for that duration only.

Consider the below example

Principal	Duration (in months)	Interest rate per annum	Absolute rate over the duration	Interest
\$100,000	40	26.67%	80.00%	\$80,000
\$500,000	32	26.67%	71.11%	\$355,556
		TOTAL		\$435,556

The Main SPV would thus pay back a total interest of \$444,500 as described above which will then be distributed as dividends to investors in a similar manner depending on the time and amount they were invested for.

## 10.6 CAPPED RETURN

As shown above there is a ceiling on the interest payments, which then flows through the investors. This means that there is a ceiling on the investors dividends as well which is further explained in section 19.2.1.

This is done in this fashion because the actual proceeds received from the sale of the apartments on completion of development will not change substantially if the Project completes slower. In fact there is a good chance the Main SPV is losing money due to the delays and other costs. The Main SPV has no other sources of revenue to pay the interest due to the Company apart from the sales proceeds. The amount the Main SPV has for distributions is limited and hence the return it can pay to investors is capped at a certain point.

The project will have a first Mortgage, this debt will rank ahead of all payouts made by the Main SPV including to investors under this offer. Note that the principals behind the Main SPV and the Company are the same. Investors/Shareholders in the Company are not responsible for any debts taken by the Main SPV. The above structure shields them from any liabilities related to the servicing of debt taken by the Main SPV.

The Main SPV will provide regular project updates as well as access to the management financial accounts upon request to the Company.

## 10.7 PROJECTED TIMELINE

Once the development approval is confirmed, the Main SPV will immediately commence preparing the finance application for the construction phase, including the required marketing and sales.

The time between development approval and construction commencing is planned to be 6 months with construction expected to take 15 months. Combining all phases, the project is expected to take approximately 36 months.

Town Planners engaged by the Main SPV have formulated the timeline for the development approval process based on :

- Recent experience with Stonnington Council on similar applications and;
- Timeframes within the Planning and Environment Act 1987 and associated Planning and Environment Act Regulations 2015 that bind councils to response times.

So expected time for council to decide and either approve or reject the applications is 27 Weeks.

## Stonnington ePlanning Portal

Progress:  Planning Application

[Home](#) Confirmation Close

### Confirmation

Your application has been submitted to council. An email has been sent to your registered email address. You can also download a copy of your application below.

Portal Reference	A119855M
Reference No	0018/19

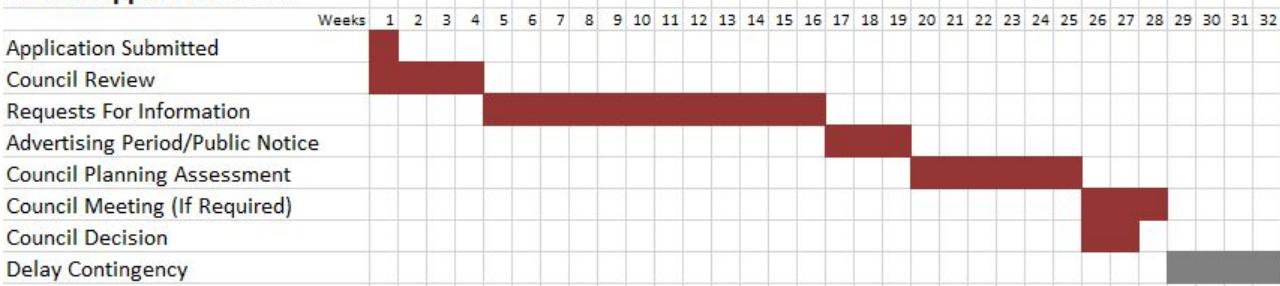
**Basic Information**

Proposed Use	The purpose of this application is to facilitate the development of the land to allow building and works associated with the construction of a six (6) storey building including partial demolition of the existing building, demolition of the front fence and outbuilding, a reduction in the standard car parking and bicycle facilities requirement and alteration to access to a Road Zone – Category 1 within a Commercial 1 Zone, Heritage Overlay, Design and Development Overlay and Special Building Overlay.
Current Use	Commercial Premises
Cost of Works	\$12,000,000
Site Address	929 - 931 and 933 High Street, Armadale

You can download a copy of your application here. [Download](#)

[Close](#)

### Permit Approval Process



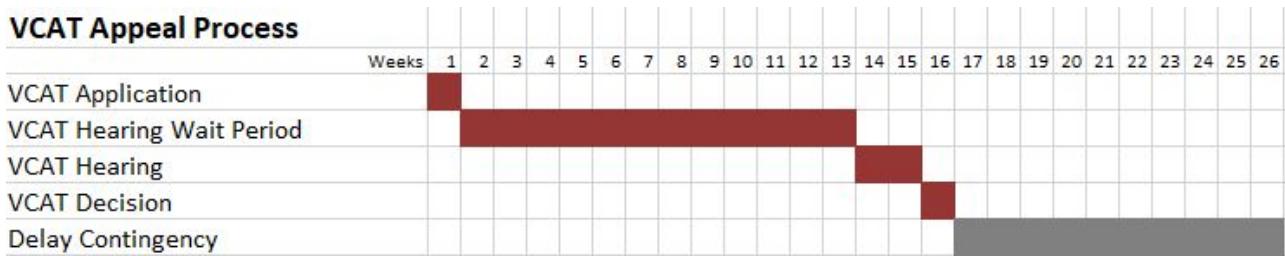
Should council not respond within the timeframes allowed in the Planning and Environment Act 1987 and associated Planning and Environment Act Regulations 2015. The Main SPV can lodge a failure to determine in order to have the application decided upon by VCAT.

Should the application be rejected by Council the Main SPV can appear to VCAT to either

- Attend mediation and work with council to alter the application until it is approved, or:
- Have a VCAT hearing to have the original application decided upon.

Should the Main SPV attend VCAT for any of these options, the timeline below indicates the process for a VCAT Hearing. This timeline would start at the completion of the permit approval process.

**VCAT Appeal Process**





## 10.8 IMPACT OF DIFFERENT LEVELS OF FUNDS RAISED VIA THIS OFFER

### 10.8.1 APPLICATIONS RECEIVED FOR LESS THAN TARGET MINIMUM SUBSCRIPTION

In this case, investor monies will be refunded in entirety within 60 days of the closing of the offer. The offer will be withdrawn.

### 10.8.2 APPLICATIONS RECEIVED FOR MORE THAN OR EQUAL TO TARGET MINIMUM SUBSCRIPTION

In this case, Redeemable Preference Shares will be issued to the investors as per the terms of this offer and the project will proceed as planned. The Main SPV has agreed to provide the Company with the first right to provide the loan to the Main SPV up to the maximum amount of this Prospectus leading to a following funding structure.

Company funds	First Mortgage	Expected End Value	First Mortgage Loan to Value Ratio	Loan to Value Ratio including Investor funds being treated as Loan
\$4,000,000	\$20,128,000	\$33,080,000	60.84%	72.90%
\$6,000,000	\$18,128,000	\$33,080,000	54.80%	72.90%

As shown above the shortfall in funding is covered by increased borrowings (increased LVR) which ranks ahead of investor returns.

Loan to Value Ratio is a metric used in property development to denote the amount of debt or leverage in the project. It is calculated as the total loan divided by end value of the project on sale. The higher the LVR the more riskier the project as the loan ranks ahead (is paid first) of all investor payments.

## 10.9 IMPACT OF TIMING BETWEEN COMPANY LOAN TRANCHES AND INVESTOR APPLICATIONS

Shares are being issued to the investors as soon as the first tranche of the loan is lent to the Main SPV once minimum target is met. Subsequent loan tranches to the Main SPV are made monthly by batching up investor applications that came during that period. Which means after the minimum goals are met there will be a share issue and the subsequent investors will be issued the shares in monthly batches.

This effectively means there is no real lag between a share issue and the loan amount being deployed. Investor target returns are calculated from the day of the share issue.

The only delay may occur between an application being made and the shares being issued. For instance shares cannot be issued till enough applications come in to meet the minimum funding goals. And thereafter there could be a delay of few weeks between an investor application and his or her shares being issued till the monthly loan tranche can be made (Which in turn triggers the issuance of the shares).

## **11 REVENUE MODEL**

The Company has a loan agreement with Main SPV that will entitle it to 26.67% per annum capped to 80% absolute return on the money it lends to the Main SPV on completion of the project. The Main SPV will use the funds and any additional debts as necessary to develop the apartments and sell them on the market at the best possible price.

Interest will be payable by the Main SPV on completion of the project and achievement of sales of the apartments on completion of development. Repayment of both Principal and Interest is anticipated to be achieved approximately within 36 months of commencement of the loan.

There is no guarantee that the Principal and Interest will be repaid.

### **11.1 ASSUMPTIONS**

The above revenue model is primarily based on the assumption that the Main SPV will honour its contractual obligation to repay the debt issued to it by the Company.

The ability of the Main SPV to repay the debt is based on its ability to develop and sell the apartments in question.

The Sales completion is dependent on availability of buyers who on completion of development pay in full for the asked for market price of the apartments, which in turn is based on the buyers ability to secure borrowing if need be. The availability of the buyer is dependent on demand for developed apartments at the asking price by the Main SPV in the particular area. The completion of the sales process is also based on the assumption that development and construction will complete in time and will not encounter any delays such as but not limited to Permit objections, weather and soil related construction issues, industrial action, contractor defaults etc.

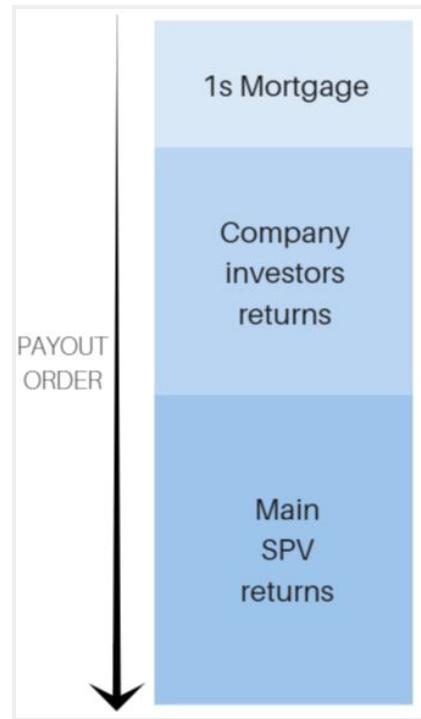
### **11.2 PAYOUT ORDER**

When all the apartments are sold, any existing first mortgage including interest will be paid, first. Then the Company being a creditor to the Main SPV will receive repayment of its loan and interest.

The remainder will then be distributed to the Main SPV.

In summary, on completion of sales, the receipts will be distributed in the following order.

1. The first mortgage debt on the property;
2. Interest on the funds lent by the Company to the Main SPV and repayment of the loan to the Company;
3. Any remaining proceeds will then be retained by the Main SPV.



### 11.3 IMPACT OF PROJECT PROFITS OR LOSSES ON INVESTOR RETURNS

In order for the Company to provide the investors with the promised return the Main SPV needs to make a profit of an amount at least equal to or greater than the amount due to the Company as interest.

The amount due to the investors is the amount invested plus Dividend return. It can be calculated using the below formula.

Share price\*Number of Redeemable Preference Shares\*(X/100) (X being the Dividend Rate)\*Duration

Consider the following scenarios. If an investor invests \$100,000 for a duration of 36 months then the target Dividend return is 80% and 100,000 Redeemable Preference Shares were issued at a share price of \$1 each then the invested amount is \$100,000 and the expected Dividend is \$80,000.

The total return due to investors is \$100,000+\$80,000= \$180,000

#### 11.3.1 PROJECT MAKES A PROFIT OF MORE THAN OR EQUAL TO REQUIRED RETURN

If the Main SPV turns a profit (after paying the costs and any first mortgage debt) of more than the REQUIRED RETURN then the investors will be paid out their Dividend and their Redeemable Preference Shares repurchased at the issue price. Any funds remaining after this will form part of the Main SPV profits.

#### 11.3.2 PROJECT MAKES A PROFIT OF LESS THAN THE REQUIRED RETURN

If the Main SPV turns a profit (after paying the costs and any first mortgage debt) of less than the required interest repayment then the investors will be paid out all the Profits however the actual return will be lower than the target dividend rate.

The Company will lower the dividend rate uniformly across all investors to ensure that all investors share an equal rate of return as part of the payouts (Parri Passu).

The Main SPV will not receive any share of profits in this case.

### **11.3.3 PROJECT MAKES A LOSS**

In the event the project does not make profits as expected or makes a loss the Company will receive a reduced return as part of loan repayment. This could even lead to a complete loss of capital as disclosed in Section 13.2.5. However the Redeemable Preference Shareholders will not be liable for any debts or other claims by any other creditors of the Main SPV or otherwise.

In the scenario of redeemable preference shareholders receiving lower returns, all the returns will always be paid out to these investors to the maximum extent possible. No returns will be paid to ordinary shareholders until redeemable preference shareholders have been paid the maximum promised returns as per this prospectus, which effectively means that if redeemable preference shareholders do not receive their full return then ordinary shareholders will not receive any returns.

## **12 PROJECT FINANCIALS**

The revenues of the Company are solely from the interest received from the loan made to the Main SPV which is equal to 80% paid after the first mortgagee but before the Main SPV receives anything.

Management of the Main SPV have prepared an indicative feasibility upon which they have determined to pursue the project. The feasibility has been based on the experience of the management team, however, some of the financials and agreements are still to be documented with 3rd party contractors and as such have been excluded from this Prospectus. The main components of the development project have been based on the detailed estimates provided by Samssons Projects (refer section 9.5), indicative funding proposal received from Balmain NB Commercial Mortgages Limited and the valuation details provided by CBRE, in addition to the experience gained over the years by the Company management team.

## **13 MARKETING STRATEGY**

The Company exists for the sole purpose of investing in the development of apartments and retail space at 929-933 High Street, Armadale, VIC 3143, and will have only one client with whom lending contracts have been put in place. No further marketing and sales is deemed necessary by the Company.

The Main SPV will employ standard marketing efforts to achieve sale of the property.

## **14 GENERAL INVESTMENT RISKS**

All investments are subject to risk and there are a number of risks which can impact on the performance of your investment, should they occur. Investments may not perform as expected resulting in a loss of capital or income or a failure to meet your investment objectives. Due to a number of potential risks it is possible that dividends are not paid at all or that investors lose all of their capital. In the investment overview in Section 4 the specific risks for the project are detailed. In addition to those risks investors should also factor in some of the general risks detailed below.

### **14.1 INTEREST RATE RISK**

Real estate prices are often susceptible to interest rate changes. Lower interest rates can lead to more purchasers entering the market driving the prices up and vice versa. Any hikes in the interest rate by the RBA can adversely impact the project by making it harder for potential buyers to access funding to

purchase the real estate. This will reduce the sales proceeds and may impact the return available to investors.

#### **14.2 LEGISLATIVE RISK**

In recent years Australia has seen participation by a significant amount of foreign investors in its real estate market. To restrict this capital inflow some Australian states have recently introduced higher stamp duty fees for foreign buyers. This has dampened the demand for Australian real estate in the eyes of foreign purchasers. Although these apartments are not exclusively marketed to international buyers the increased restrictions on foreign investments reduces one avenue for high sales outcomes.

#### **14.3 INTERNATIONAL ENVIRONMENT**

In recent years Australia has seen significant inflow of capital from China in its real estate market. The Chinese government has put up numerous restrictions on its citizens to prevent movement of outbound capital. This has made it harder for potential Chinese purchasers to move the significant funds required to purchase real estate in Australia. Although these apartments on completion of development are not exclusively marketed to international buyers the increased restrictions on foreign investments reduces one avenue for high sales outcomes.

#### **14.4 BANK LENDING POLICIES**

In recent months Australian Banks have tightened the lending criteria significantly, especially for foreign home buyers. This has made it harder for both Domestic and International purchasers from acquiring the funding to buy and settle on a real estate purchase. This can lead to a scenario where a buyer puts up the 5 to 10% deposit necessary to make a real estate purchase and is then unable to come up with the remainder money as he or she is unable to secure Bank funding for it. This can delay as well as adversely impact the profitability of the project and the return that is payable to the investors.

#### **14.5 DEPENDENCE UPON KEY PERSONNEL**

The Company depends on the talent and experience of the Company's personnel as its primary asset. Should any of its key personnel leave, this may have a negative impact on the Company. It may be difficult to replace them, or to do so in a timely manner or at comparable expense.

The Company's ability to attract and retain personnel will have a direct correlation upon their ability to deliver their commitments and achieve forecast revenues. Additionally, increases in recruitment, wages and contractor costs may adversely impact upon the financial performance of the Company. The Company has a formal agreement in place with its Directors.

#### **14.6 OPERATIONAL AND COMPLIANCE RISK**

Operational risk relates to the risk of loss resulting from inadequate or failed internal control processes, information technology systems or from external service providers which may impact on the Company's business. The Company is exposed to operational risk including, but not limited to, risks arising from processing errors, fraud, information technology system failures, failure of security and physical protection systems, pricing errors and employee negligence.

#### **14.7 STRUCTURING RISK**

There is a risk that legislative changes may affect the ability of the Company to pay dividends. This could alter the timing of the dividends or increase the effective tax rate applied to the dividends.

#### **14.8 CONTRACTUAL RISK**

There is a risk that contractual counterparties, such as any technology developers and other project contractors, may default on their obligations to the Company thereby leading to delays in completion of the projects or a potential loss of capital and/or income.

#### **14.9 MARKET RISK**

The expected end values may not be achieved for sales due to changing market conditions leading to lower or no profits from the execution of the project. This will lead to a reduced or no return to investors.

#### **14.10 GENERAL ECONOMIC CONDITIONS**

The Company's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies.

Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

#### **14.11 ACCOUNTING STANDARDS**

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Directors' and Company's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Company's financial statements.

#### **14.12 GOVERNMENT POLICY**

The financial performance of the Company may be impacted by change to or changes in interpretation in respect of income tax legislation, GST legislation, stamp duty laws and local government regulations and by-laws related to lending and real estate developments. Changes in, or the introduction of, any law, regulation or policy affecting the Company's business or the Development (which may or may not have a retrospective effect) may have a material adverse impact on the Company's performance.

#### **14.13 TAXATION RISKS**

A change to the current taxation regime in Australia or overseas may affect the Company and its Shareholders.

Personal tax liabilities are the responsibility of each investor. The Company is not responsible either for taxation or penalties incurred by investors.

#### **14.14 REDEEMABLE PREFERENCE SHARES NOT GUARANTEED**

The Redeemable Preference Shares are not bank deposits.

The repayment of the money you have invested or any particular rate of return is not guaranteed by the Company or its Directors. You may also lose some or all of your Principal Investment Amount. The Company will only be able to make dividend payments to Shareholders if it receives positive income from operations.

## 15 FINANCIALS

### 15.1 BALANCE SHEET

The Company was incorporated for the purpose of providing a loan to the Main SPV to assist in funding the development of apartments and retail space at 929-933 High Street, Armadale, VIC 3143, and has no history prior to, this Prospectus.

The unaudited balance sheet of the Company at 10 December 2018 is summarised hereunder together with a pro-forma balance sheet that adjusts the assets and liabilities of the Company at that date and reflects the offer and the issue of Redeemable Preference Shares pursuant to this Prospectus.

<b>Pro-Forma</b>			
<b>Assumptions</b>	<b>Unaudited (\$A)</b>	<b>(Minimum Subscription)</b>	<b>(Maximum Subscription)</b>
	<b>10/12/2018</b>	<b>31/10/2019</b>	<b>31/10/2019</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	<b>1000</b>	<b>0</b>	<b>0</b>
<b>Total Current Assets</b>	1000	0	0
<b>Non-current Assets</b>			
Loans to Borrowers	<b>0</b>	4,001,000	<b>6,001,000</b>
<b>Total Non-current Assets</b>	0	4,001,000	6,001,000
<b>TOTAL ASSETS</b>	<b>1000</b>	<b>4,001,000</b>	<b>6,001,000</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	<b>0</b>	<b>0</b>	<b>0</b>
Income tax payable	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	0	0	0
<b>NET ASSETS</b>	<b>1000</b>	<b>4,001,000</b>	<b>6,001,000</b>
<b>EQUITY</b>			

<b>Contributed equity</b>	1000	4,001,000	5,001,000
<b>Reserves</b>	0	0	0
<b>Retained earnings</b>	0	0	0
<b>TOTAL EQUITY</b>	<b>1000</b>	<b>4,001,000</b>	<b>6,001,000</b>

Note that any investment by the Principals of the Project as represented in the Main SPV will be directly made in the Main SPV accounts which are not being disclosed here.

## 15.2 ASSUMPTIONS USED IN COMPLETING THE PRO-FORMA BALANCE SHEET

The pro-forma balance sheet has been prepared consistently with the Company's accounting policies.

The pro-forma balance sheet shows the financial effects on the Company as if the following transactions had taken place as of 31 October 2019:

Receipt of \$4,000,000 from the offer (Minimum Subscription)

Receipt of \$6,000,000 from the offer (Maximum Subscription)

## 15.3 MAIN SPV

The Main SPV is also a special purpose vehicle which was incorporated solely for the purpose of executing the development of apartments and retail space at 929-933 High Street, Armadale, VIC 3143, and has no significant history prior to, this Prospectus.

The Main SPV has spent the following:

Item	Date	Amount
Incorporation Costs	23/10/18	\$700
Legal Fees	23/10/18	\$5,283.55
Estate Baron	23/10/18	\$3,300
Town Planner	28/11/18	\$4,400
Estate Baron	28/11/18	\$13,200
Architect	29/11/18	\$33,000
Consultants	3/12/18	\$9,680
Metropolitan Planning Levy	13/12/18	\$15,600
Council Fees	17/12/18	\$9,122.20
ASIC Prospectus Lodgement	24/12/18	\$3,200
Surveyor Fees	16/1/19	\$3,675

Architect	17/1/19	\$32,900
Heritage Consultant	21/1/19	\$4,400
Valuation	17/1/19	\$3,850

Which has been paid for by the principals of the Main SPV.

Apart from the settlement expected on 28 February 2019 for \$5,820,000 the Main SPV has no current liabilities.

It does expect to incur liabilities in the form of the senior loan as explained in section 9.4 and the loan from the Company for the funds raised via this Prospectus. As explained in section 11.2, investor returns will be paid after the senior loan is paid out but before any returns are paid out to the Developers (who are the principals of the Main SPV and the Company).

## **16 EXPENSES**

Since the Company was incorporated for the sole purpose of raising funds to lend to the Main SPV which Redeemable Preference Shares the management, all of the Company expenses will be borne by the Company management and will be compensated for only after investor returns have been paid. These costs relate only to the costs of the Company and are not related to the Main SPV expenses which will be payable by the Main SPV itself.

### **16.1 ESTABLISHMENT COSTS**

The expenses incurred in connection with the offer of Redeemable Preference Shares including the preparation, promotion and distribution of the Prospectus.

### **16.2 OTHER EXPENSES**

The expenses and liabilities incurred in connection with operating the Company.

## **17 TAXATION**

The Australian taxation laws are complex, Investors should be aware that they may be affected by changes in taxation laws or the interpretation of these laws as well as changes in the administrative practices of the revenue authorities. Investors should obtain and rely upon their own taxation advice.

The following is a summary of the Australian income tax consequences associated with acquiring, holding and disposing of Redeemable Preference Shares. This summary is based on the income tax law and ATO administrative practice applicable as at the date of this Prospectus. Changes to tax law or the interpretation of tax law could affect the tax consequences associated with investing in Redeemable Preference Shares.

The tax consequences for a particular investor may vary depending on their particular circumstances. The discussion of tax law in this section applies only to investors that hold their Redeemable Preference Shares as a capital asset. There may be different tax outcomes to those outlined in this summary for:

- a) foreign residents;

- b) Shareholders who hold their Redeemable Preference Shares as trading stock or as revenue assets;
- c) financial institutions, insurance companies, partnerships, tax exempt organisations, trusts or temporary residents;
- d) dealers in securities;
- e) Shareholders with rights or Redeemable Preference Shares acquired through an employee share scheme;
- f) residents who hold the Redeemable Preference Shares as part of an enterprise carried on at or through a permanent establishment in a foreign country; or
- g) persons who change their tax residency while holding Redeemable Preference Shares.

Investors should consult a tax professional for advice on the consequences associated with acquiring, holding or disposing of Redeemable Preference Shares, which takes into account their personal circumstances.

### **17.1 TAXATION TREATMENT FOR REDEEMABLE PREFERENCE SHAREHOLDERS DIVIDENDS**

Dividends received by Redeemable Preference Shareholders will be included in Redeemable Preference Shareholder's assessable income as interest. The income received will be treated as interest on the basis that the Redeemable Preference Shares are debt interests for income tax purposes.

The dividends that are paid cannot be franked and therefore no franking credits will be attached to the dividends or other amounts that are paid to the Redeemable Preference Shareholders.

### **17.2 TAXATION TREATMENT OF REDEMPTION OR REPURCHASE VIA CALL**

Any amount received on redemption of the Redeemable Preference Shares that exceeds the Principal Investment Amount will be treated in a similar manner to an unfranked dividend and will be included in the Redeemable Preference Shareholder's assessable income.

If the amount received by the Redeemable Preference Shareholders on redemption is less than or equal to the Principal Investment Amount, then none of that amount will be ordinary income of the Redeemable Preference Shareholders. A capital loss will arise to the extent the redemption proceeds received are less than the Redeemable Preference Shareholder's CGT cost base.

There are special rules dealing with the taxation of financial arrangements (TOFA), which can apply to tax gains and losses from financial arrangements on an accruals basis. However, the TOFA rules do not normally apply to individual taxpayers and will only apply to financial sector entities that have a turnover of \$20 million or more, superannuation funds and managed investments schemes that have a turnover of \$100 million or more and other investors that have a turnover of \$100 million or more, financial assets of \$100 million or more or other assets of \$300 million or more.

Redeemable Preference Shareholders to whom the TOFA rules may apply should obtain specific advice.

### **17.3 TAXATION TREATMENT – SALE OF REDEEMABLE PREFERENCE SHARES**

If Redeemable Preference Shares are sold to a third party or are acquired by the Company (such as under a buyback) this will trigger a CGT event for Redeemable Preference Shareholders.

A capital gain will arise where the capital proceeds received from the sale or buy-back of the Redeemable Preference Shares exceeds the CGT cost base of the Redeemable Preference Shares. A capital loss will

arise where the capital proceeds received from the sale of the Redeemable Preference Shares are less than the CGT cost base of the Redeemable Preference Shares.

If Redeemable Preference Shares are sold to a third party, then the amount of the capital proceeds should be the total amount received for the sale. For an acquisition by the Company some of the proceeds may be treated as an unfranked dividend for tax purposes depending upon how the buy-back is structured and the position of the Company at that time. There are special tax rules that operate so that the amount of any taxable capital gain is effectively reduced by the amount of the unfranked dividend that is taxable. The CGT cost base for the Redeemable Preference Shares will be the total cost of the acquisition which will include any related capital costs of acquisition and disposal.

#### **17.4 TAX FILE NUMBERS AND AUSTRALIAN BUSINESS NUMBERS**

An investor is not obligated to quote a tax file number (TFN) when applying for Redeemable Preference Shares. However, if a TFN is not quoted or no appropriate TFN exemption is provided, tax is required to be deducted and withheld from dividends paid by the Company at the highest marginal tax rate plus the Medicare Levy, Medical Surcharge and the Temporary Budget Repair Levy (50.5%).

Any tax deducted and withheld will be remitted to the ATO and should be available as a tax credit to the Redeemable Preference Shareholder.

#### **17.5 DEBT INTERESTS**

Although the Redeemable Preference Shares are in the legal form of Redeemable Preference Shares, the Redeemable Preference Shares will satisfy the various tests for being a 'debt interest' for the purposes of the application of the income tax rules. Accordingly, the Redeemable Preference Shares will be characterised as debt interests and therefore 'non-equity' Redeemable Preference Shares for income tax purposes because the Company has an effectively non-contingent obligation to pay the Money Owing on the Redeemable Preference Shares at the Recorded Maturity Date.

### **18 MANAGEMENT**

#### **18.1 ARMADALE DEVELOPMENT COMPANY LTD**

Armadale Development Company Ltd is an unlisted public company incorporated in Victoria.

#### **18.2 DIRECTORS**



### **18.2.1 BRETT DICKINSON (MANAGING DIRECTOR)**

Brett is a Director and the Officer In Effective Control at UGC Global Property, a licensed Real Estate Company specialising in advice and advocacy for property investors. Brett is also a Director of UGC Projects, a property consulting and development management company specialising in advising on and managing property development projects for investors.

During his Real Estate career, Brett has been involved in over 100 real estate transactions acting as a buyer, seller or advocate plus extensive experience in Project Marketing, development site analysis and feasibility studies.

Brett has 15 years in company administration having held multiple board positions, has previously been licensed as a financial adviser and worked on debt and equity capital raisings for more than 50 companies, advising them on corporate structures, valuation and corporate strategy.

Brett Dickinson was responsible for the application with ASIC that lead to UGC obtaining their own AFSL in 2017 and holding the role of compliance officer under that AFSL. he has held director positions in multiple companies since 2006 that include being the Officer in Effective control of a Licensed Real Estate Agency.



### **18.2.2 JOEL HEWISH**

Joel is the founder and CEO of United Global Capital, a wealth management firm specialises in providing advice on strategic financial planning, global direct equities, derivatives, foreign exchange, direct global real estate, superannuation and self-managed superannuation funds.

Joel is also a director of UGC Global Property and UGC Projects.

Over 14 years in wealth management, Joel currently advises more than 130 private family groups by establishing efficient plans and tax structures that are then used to invest through Joel's guidance into direct stock and real estate assets both in Australia and overseas. With a strict risk management policy and extensive research, Joel has established an investment strategy which is utilized by a significant number of his clients, which has successfully delivered returns well above the ASX 200 Total Return Index (AXNT). Joel currently oversees the investment of more than \$32.5 million in this strategy, as well as many more millions in other complimentary growth focused strategies.

Joel Hewish has been a director of United Global Capital since 2011. United Global Capital was a Corporate Authorised Representative of an AFSL from 2011 to 2017. Since 2017 United Global Capital has held its own AFSL with Joel being a director and Responsible Manager overseeing the AFSL.



### **18.2.3 RON WILSON**

Ron is a Development Manager with Prime Property Partners, a real estate advisory firm offering advice and management of property development and real estate sales. He has 30 years experience in property development and development management with a focus on boutique residential projects in Queensland and Victoria up to \$25M. Ron's core skill set lies in site acquisition and managing the development design team to ensure the correct product mix and price points are delivered in a manner that meets the markets expectation and delivers a successful project.

Whilst Joel and Brett have not previously been directors of Public Companies, they have vast experience in company administration and compliance and are well educated in the skills required and responsibilities associated with being a director of a Public Company.

## **19 TERMS OF ISSUE**

### **19.1 THE SECURITY**

#### **19.1.1 FORM OF SECURITY**

The Company Redeemable Preference Shares are fully paid Redeemable Preference Shares in the capital of the Company and are issued by the Company. The Company is relying on replaceable rules for its operations and the ordinary shareholders have passed a resolution for the issue of the Redeemable Preference Shares on the terms and conditions set out in this Prospectus.

#### **19.1.2 FACE VALUE AND ISSUE PRICE**

Each of the Company's Redeemable Preference Shares will be issued by the Company as fully paid at an issue price of \$1.00. The Face Value shall be paid in full to the Company upon application.

#### **19.1.3 QUOTATION**

The Redeemable Preference Shares will not be quoted on an exchange.

#### **19.1.4 REGISTRATION**

Entries in the Register in relation to a Holder constitute conclusive evidence that the person so entered is the absolute owner of the Redeemable Preference Shares subject to correction for fraud or error. Except as required by law, the Company:-

- a) will treat the person entered in the Register as the absolute owner of that the Redeemable Preference Shares; and

- b) is not required to recognise:
  - a. a person as holding a security on any trust; or
  - b. any other interest in any security or any other right in respect of a security except an absolute right of ownership in the registered holder of a security, whether or not it has notice of the interest or right.

## **19.2 DIVIDEND POLICY**

### **19.2.1 DIVIDEND CALCULATION**

Subject to the Terms of Issue, the Holder on the relevant Record Date is entitled to receive on the Dividend Payment Date a dividend calculated using the following formula:

Dividend = Issue Price per Redeemable Preference Share\* Number of Redeemable Preference Shares \* X/100 (X being the Dividend Rate)\*Duration

However this is capped to a maximum 80%. Which means that if the calculated dividend exceeds 80% it will be capped to 80% maximum only.

### **19.2.2 DIVIDEND RATE**

The target Dividend Rate is 26.67% per annum, capped to 80%.

### **19.2.3 NO FRANKING**

Each dividend will be paid to Holders with no franking.

### **19.2.4 PAYMENT OF DIVIDEND**

The Dividend is subject to:

- a) the Directors declaring the Dividend to be payable; and
- b) there being no legal impediment to the payment of the dividend.

Dividends shall be paid by direct credit to the bank account nominated by the Holder or by such other means as authorised by the Directors.

Dividends are payable in arrears on each Dividend Payment Date.

Dividends shall be paid in Australian dollars only and shall be free of any set off, deduction or counterclaim except as required by law.

### **19.2.5 CUMULATIVE DIVIDENDS**

The entitlement of a Holder is to the payment of cumulative Dividends. If a Dividend is not paid in whole or part because of the provisions of any applicable law, the Company has a deferred liability to pay such Dividend. No interest accrues on any unpaid Dividends and the Holder has no claim or entitlement in respect of interest on any unpaid Dividends.

#### **19.2.6 ROUNDING OF DIVIDEND CALCULATIONS**

For the purposes of making any Dividend payment in respect of a Holder's total holding of the Company's Redeemable Preference Shares, any fraction of a cent will be disregarded.

Dividend calculations shall be rounded to the nearest two decimal places.

#### **19.2.7 RECORD AND PAYMENT DATES**

A Dividend is only payable to those persons registered as Holders on the Record Date for that Dividend.

Dividends will be paid by the Company as determined by the Board.

#### **19.2.8 WITHHOLDING OBLIGATIONS**

The Company will be entitled to deduct from any Dividend the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction is made and the amount of the deduction is accounted for by the Company to the relevant revenue authority and the balance of the amount payable is paid by the Company to the Holder concerned, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by the Company. The full amount required to be deducted to the relevant revenue authority shall be paid by the Company within the time allowed for such payment.

#### **19.2.9 JOINT HOLDERS OF THE COMPANY'S REDEEMABLE PREFERENCE SHARES**

Where two or more persons are registered as the joint holders of the Company's Redeemable Preference Shares then they are taken to hold the security as joint tenants with rights of survivorship, but the Company is not bound:

- a) to register more than three persons as joint holders; or
- b) to issue more than one certificate or holding statement in respect of the Company's Redeemable Preference Shares held.

If a Holder who owns a security jointly dies, the Company will recognise only the survivor or survivors as being entitled to the Holder's interest in the security. Interest or other money payable in respect of the Company's Redeemable Preference Shares that is held jointly may be paid to the Holder whose name appears first on the Register.

If the Company's Redeemable Preference Shares are held jointly, and more than one Holder votes in respect of the same, only the vote of the Holder whose name appears first on the Register counts.

The joint holders of the Company's Redeemable Preference Shares are counted as a single holder for the purposes of calculating the number of Holders who have requisitioned a meeting.

#### **19.2.10 DIVIDEND DECLARATION POLICY**

It is the policy of the Company that the Directors will declare payment of a dividend to Holders of the Company's Redeemable Preference Shares after repayment by the Main SPV of the loan and associated interest, which is expected once the project is completed profitably, the developed apartments are sold and the payment for the proceeds are received in full by the Main SPV, unless such declaration would breach section 254T of the Corporations Act.

## 19.3 CALL OPTION

### 19.3.1 GRANT OF CALL OPTION

The Company plans to pay back the Investors by buying back the Redeemable Preference Shares at the Price they were issued and paying any Dividend that was due till that day. This repurchase is described as a CALL.

Each Subscriber grants to the Company an irrevocable CALL option for the Company or its nominees to buy the Redeemable Preference Shares held by the Subscriber.

#### 19.3.1.1 REDEEMABLE PREFERENCE SHARE EXIT AMOUNT

The price for such a Buyback is equal to the total of the Redeemable Preference Share Subscription Price and the Redeemable Preference Share Dividend if pending. If a Redeemable Preference Share Dividend has already been paid prior to the date on which a call option exercise notice is given then the amount payable is equal to the Redeemable Preference Share Subscription Price plus any Dividend that may still may be pending. If no Dividend is pending then the repurchase price is equal to the original subscription price.

Consider the following example

\$250,000 is invested, this now is the Redeemable Preference Share Subscription Price (or the price paid for the shares)

The expected dividend is 80% or equal to \$200,000

#### **Scenario 1**

Before the call is made, the entire dividend of \$200,000 is already paid. So the repurchase will be done for \$250,000 which is the original purchase price of the shares.

#### **Scenario 2**

Before the call is made, \$50,000 in dividends is paid and \$150,000 is pending. When the repurchase happens it will now be for \$400,000 which covers the pending dividend as well as original purchase price of the shares.

#### **Scenario 3**

Before the call is made, no dividend is paid and entire \$200,000 is pending. When the repurchase happens it will now be for \$450,000 which covers the entire pending dividend as well as original purchase price of the shares.

The total repayment is described as the Redeemable Preference Share Exit Amount.

### 19.3.2 EXERCISE OF CALL OPTION ON COMPLETION OF THE PROJECT AND LOAN REPAYMENT

The Company must repurchase the Redeemable Preference Shares via the CALL as soon as the loan is repaid. The Company must exercise the CALL option at the end of 24 month term if it has not been exercised already provided there are no impediments to such an exercise. The Company is completely dependent on the proceeds of loan being paid by the Main SPV which in turn is dependent on the sale of the apartments on completion of development at 929-933 High Street, Armadale, VIC 3143.

In the circumstance that the loan is not repaid or extended due to sale not being achieved or for an amount lower than expected, then the Dividend and return in such a scenario may be lower including a potential loss of capital in the scenario where an underlying fund does not pay out at all as detailed in the risks section. The term of this project would also be extended in the absence of a sale which would mean that the Redeemable Preference Shares will be on issue longer than the proposed 24 months without the CALL being exercised.

If the Main SPV pays back portion of the loan sooner along with any interest that was due on that portion till date, then the Company would pass that to the investors by buying out a proportionate number of shares from investors (Pari Passu) and paying the Dividend on that amount till date. The remainder would be bought back as and when the Company receives further repayments on the loan from the Main SPV.

#### **19.3.2.1 NOTICE OF EXERCISE**

To exercise the Call Option, the Company must give the Redeemable Preference Shareholder an exercise notice by the Director of the Company. This may be done by posting the signed notice document on the Online Platform which is accessible to the Redeemable Preference Shareholder.

#### **19.3.3 EXERCISE NOTICE IS IRREVOCABLE**

An exercise notice is effective when it is posted on the Online platform provided it is exercised in accordance with this Prospectus and when given, is irrevocable.

#### **19.3.4 EFFECT OF EXERCISE OF OPTIONS**

If a Call Option is exercised, an agreement will be constituted between the Company and the Redeemable Preference Shareholder for the sale and purchase of the Redeemable Preference Shares held by the Redeemable Preference Shareholder free from all encumbrances.

#### **19.3.5 COMPLETION**

Completion of the sale and purchase must take place within 10 Business Days after the Shareholder gives the exercise notices or such earlier date nominated by the Company. At completion, the Redeemable Preference Shareholder must:

- (a) cause, deliver or cause to be delivered to the Company the Redeemable Preference Share certificate issued to it, him or her; and
  - (b) deliver a Redeemable Preference Share transfer form executed by or on behalf of the Redeemable Preference Shareholder;
  - (c) if necessary, procure a release from all registered and unregistered security holders in the form of a deed of release and an undertaking from registered security holders to amend the Personal Property Securities register by lodging a financing change statement in respect of the Redeemable Preference Shares registered in its, his or her name or evidence satisfactory to the Shareholder that the Redeemable Preference Shares are free from all encumbrances;
- and
- (d) the Company must pay the Redeemable Preference Share Exit Amount in Immediately Available Funds to the Redeemable Preference Shareholder on whose Redeemable Preference Shares the CALL option was exercised.

## **19.4 GENERAL RIGHTS ATTACHING TO REDEEMABLE PREFERENCE SHARES**

### **19.4.1 RANKING**

The Redeemable Preference Shares to be issued pursuant to this Prospectus will rank equally among themselves and ahead of existing Ordinary Shares with respect to any Dividend or Distributions payments.

### **19.4.2 VOTING RIGHTS**

Redeemable Preference Shareholders have the right to receive notice of and to attend any meeting of Shareholders but will only be entitled to vote in the following circumstances:

1. On a proposal which affects the rights attached to Redeemable Preference Shares, to reduce the share capital of the Company, to wind up the Company or for the disposal of the whole of the property, business and undertaking of the Company;
2. During the winding up of the Company.

In circumstances where Redeemable Preference Shareholders are entitled to vote, they may cast one vote for each Redeemable Preference Share held. For such resolutions, Ordinary Shareholders and Redeemable Preference Shareholders will have the same voting rights.

In addition, under the Corporations Act, any proposal that might affect the rights attached to Redeemable Preference Shares must be approved by special resolution (75% of votes cast) of Redeemable Preference Shareholders and a separate resolution passed by special resolution of both Ordinary Shareholders and Redeemable Preference Shareholders.

### **19.4.3 TRANSFER OF REDEEMABLE PREFERENCE SHARES**

A Shareholder may transfer Redeemable Preference Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Corporations Act for the purpose of facilitating transfers in Redeemable Preference Shares or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of Redeemable Preference Shares, other than a market transfer.

### **19.4.4 MEETINGS AND NOTICE**

Each Shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under replaceable rules of the Corporations Act.

### **19.4.5 WINDING UP**

The Company has only issued two classes of Shares, Ordinary and Preference which all rank equally in the event of liquidation.

A liquidator may, with the authority of a special resolution of Shareholders divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders.

The liquidator can, with the sanction of a special resolution of the Company's Shareholders, vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of the Company can be compelled to accept any Redeemable Preference Shares or other Redeemable Preference Shares in respect of which there is any liability.

#### **19.4.6 SHAREHOLDER LIABILITY**

As the Redeemable Preference Shares under the Prospectus are fully paid Redeemable Preference Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

#### **19.4.7 THE CONSTITUTION**

The Company is relying on replaceable rules for its operations. Adoption of a separate Constitution can only be done by a special resolution passed by at least three quarters of Ordinary Shareholders present and voting at the general meeting. At least 28 days written notice, specifying the intention to propose the resolution as a special resolution, must be given.

#### **19.5 AMENDMENTS TO THESE TERMS OF ISSUE**

Subject to complying with all applicable laws, the Company may without the authority, assent or approval of Holders amend or add to these Terms of Issue if such amendment or addition is, in the opinion of the directors:-

- a) of a formal, minor or technical nature;
- b) made to correct a manifest error or ambiguity;
- c) made to comply with the Corporations Act; or
- d) not likely (taken as a whole and in conjunction with any other proposed modifications) to be materially prejudicial to the interests of Holders.

### **20 INTERPRETATION**

Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms of Issue, then, to the maximum extent permitted by law, the provisions of these Terms of Issue will prevail.

Unless otherwise specified, the Directors may exercise all powers of the Company that are not, by the Corporations Act, required to be exercised by the Company in general meeting.

A reference to \$, dollars or cents is a reference to Australian currency.

Notices may be given by the Company to a Holder in the manner prescribed by replaceable rules for the giving of notices to members of the Company and the relevant provisions of replaceable rules apply with all necessary modification to notices to Holders.

If an event must occur on a stipulated day which is not a Business day, then the stipulated day for that event will be taken to be the next Business Day.

If a calculation is required, unless the contrary intention is expressed, the calculation will be rounded to two decimal places.

Calculations, elections and determinations made by the Company are binding on Holders in the absence of manifest error.

The terms 'takeover bid', 'relevant interest' and 'arrangement' when used in this Prospectus have the meaning given in the Corporations Act.

A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

The singular includes the plural and vice versa.

Where a word or phrase is defined its other grammatical forms have a corresponding meaning.

A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.

A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns.

A reference to any instrument or document includes any variation or replacement of it. A term not specifically defined has the meaning given to it in the Corporations Act.

The Glossary in this Prospectus sets out the meaning of particular words and expressions.

Definitions and interpretation under the replaceable rules will apply to the terms of the Redeemable Preference Shares unless the contrary intention is expressed.

If any provision of the Terms of Issue is prohibited or unenforceable in its terms but would not be prohibited or unenforceable if it were read down, and is capable of being read down, that provision must be read down accordingly. If, despite this clause, a provision is still prohibited or unenforceable, if the provision would not be prohibited or unenforceable if a word or words were omitted, the relevant words must be severed and, in any other case, the whole provision must be severed. However, the remaining provisions of the Terms of Issue are of full force and effect.

## **21 ADDITIONAL INFORMATION**

### **21.1 UPDATED INFORMATION**

Where there is a change to information which is not material to investors, we will make this updated information available on the Online Platform website at <http://invest.ugc.net.au> (Updated Information).

If you require a paper copy of any Updated Information please contact us and it will be provided without charge on request.

While this Prospectus and any Updated Information are up to date at the time of preparation, changes may be made to the Company from time to time. You should ensure that you keep up to date with the latest information on the Company.

### **21.2 DISCLOSING ENTITY**

The Company may become a disclosing entity in which case the following arrangements will apply.

As a disclosing entity, the Company will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. You will have the right to obtain various financial reports lodged with ASIC for the Company.

We will satisfy our continuous disclosure obligations for the Company by publishing material information on the Online Platform website at <http://invest.ugc.net.au>

Any material information affecting the Company will be placed on our website.

Accordingly, given the disclosure of material information will be made on our website, we will not be required to lodge continuous disclosure notices for the Company with ASIC.

### **21.3 LITIGATION**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **21.4 INTERESTS OF EXPERTS AND ADVISERS**

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- a) has any interest or has had any interest during the last two years, in the formation or promotion of, or in property acquired or proposed to be acquired by in connection with its formation or promotion, or the offer of the Redeemable Preference Shares; and
- b) no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of, or the offer of the Redeemable Preference Shares.

### **21.5 INTERESTS OF DIRECTORS**

Other than set out elsewhere in this Prospectus:

- a) no Director or proposed Director of the Company has, or has had in the two years before lodgement of this Prospectus, any interest in the formation or promotion of, or the offer of Redeemable Preference Shares, or in any loan proposed to be made in connection with information or promotion of the offer of the Redeemable Preference Shares; and
- b) no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of the Company either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of the Company or the offer of Redeemable Preference Shares.

#### **21.5.1 SHAREHOLDINGS**

The Directors of the Company or their associates have a beneficial interest in the following securities in the borrower Main SPV (929 High Street Armadale Pty Ltd) at the date of this Prospectus:

#### **21.5.2 DIRECTOR OR RELATED ENTITY SECURITIES HELD**

Brett Dickinson, Joel Hewish and Ron Wilson are all Directors of the Main SPV 929 High Street Armadale Pty Ltd and the Company ARMADALE DEVELOPMENT COMPANY LTD (ACN 629 640 099).

They also own an equal number of shares in both of these companies via holdings they each have in their own investment structures and are the only shareholders in both of these companies.

**21.5.2.1 ARMADALE DEVELOPMENT COMPANY LTD (ACN 629 640 099) SHAREHOLDING**

Name	Number of Ordinary Shares	% of Total Ordinary Shares
Birdrock Investments Pty Ltd Brett Dickinson	12	33.3
United Global Capital Pty Ltd Joel Hewish	12	33.3
Giftboxes Online Pty Ltd Ron Wilson	12	33.3

**21.5.2.2 HIGH STREET ARMADALE PTY LTD (ACN 618 984 026) SHAREHOLDING**

Name	Number of Ordinary Shares	% of Total Ordinary Shares
Birdrock Investments Pty Ltd Brett Dickinson	12	33.3
United Global Capital Pty Ltd Joel Hewish	12	33.3
Giftboxes Online Pty Ltd Ron Wilson	12	33.3

Copies of the Company extracts for the Company and the Main SPV can be found in the reference section.

The Directors may apply for Redeemable Preference Shares under the offer.

**21.5.3 PAYMENTS TO DIRECTORS**

Given that the Company is setup for the sole purpose of raising funds for the Development project controlled by the Directors, the Directors and management of the Company have decided to not seek any wages from the Company. They will receive their compensation as profits left after the investors are paid given that they are part of the Main SPV.

In addition all the expenses related to the operation of the Company and making this offer are being paid by the Company management without making use of investors monies.

**21.5.4 RELATED PARTY TRANSACTIONS**

All dealings with the architect, planning consultants, construction contractor, marketer, sales agents etc will be done on a commercial arm's length basis. UGC Projects will provide Development Management Services to the SPV, the Directors of the Company form part of UGC projects.

**22.7. EXPENSES OF THE OFFER**

The total estimated expenses of the offer payable by the Company, including ASIC fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs, audits and other miscellaneous expenses are estimated to be approximately \$30,000.

## **21.6 PRIVACY**

Investors will be required to provide personal information to make an investment in the Company.

The Company and their service providers may collect, hold and use potential investors' personal information in order to assess applications, service the needs of prospective and actual investors, service the needs of the Company and for other purposes permitted under the Privacy Act 1998 (Cth).

Tax and Company law also require some specific information to be collected in connection with applications and to provide this to certain Government authorities.

## **21.7 REPORTING AND CERTIFICATION**

Your investment balance and transactions will be recorded on the Online Platform which will be accessible using your username and password.

When you make a successful investment in the Company, you will be provided with an electronic unit certificate showing your holdings in the Company. In addition to balance and transactions available on the Online Platform you will also be provided with the following periodic reports:

- a) an annual report with tax components; and
- b) Quarterly Update reports with any repayments and/or any updates about the Development.
- c) Regular updates on the progress of the project which may include pictures and videos

## **21.8 ELECTRONIC INSTRUCTIONS**

If an investor instructs the Company by electronic means, such as facsimile, email or internet the investor releases the Company from and indemnifies the Company against, all losses and liabilities arising from any payment or action the Company makes based on any instruction (even if not genuine) that the Company receives by an electronic communication bearing your representation and which appears to indicate to the Company that the communication has been provided by the investor eg. a signature which is apparently the investor's and that of an authorised signatory for the investment or an email address which is apparently the investor's. The investor also agrees that neither they nor anyone claiming through them has any claim against the Company or the Online Platform in relation to such payments or actions. There is a risk that a fraudulent withdrawal request can be made by someone who has access to an investor's username and password and a copy of their signature or email address. Please take care.

## **21.9 ELECTRONIC PROSPECTUS**

This Prospectus is available in electronic form at <http://invest.ugc.net.au>. We will send, on request, any person receiving this Prospectus electronically, a paper copy of the Prospectus free of charge during the period of the offer. Applications must be made by completing the Application Form online in accordance with the instructions in this Prospectus.

Redeemable Preference Shares cannot be issued unless you complete the Application Form online. The Application Form contains a declaration that you have personally received the complete and unaltered Prospectus prior to completing the Application Form. You should read this Prospectus in its entirety before completing the Application Form.

We will not accept a completed Application Form if we have reason to believe that the applicant has not received a complete paper copy or electronic copy of the Prospectus, or if we have reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While we believe that it is extremely unlikely that during the period of the offer the electronic version of this Prospectus will be tampered with or altered in any way, we cannot give any absolute assurance that this will not occur. If you are in doubt about the validity or integrity of an electronic copy of the Prospectus you should immediately request a copy of the Prospectus directly from us or your adviser.

## **22 CONSENTS**

The directors have given and have not, before the lodgement of this Prospectus, withdrawn their written consent to the issue of this Prospectus with ASIC.

Brett Dickinson has given his written consent to being named as Director in this Prospectus, in the form and context in which it is named. Brett Dickinson has not withdrawn her consent prior to the lodgement of this Prospectus with the ASIC.

Joel Hewish has given his written consent to being named as Director in this Prospectus, in the form and context in which it is named. Joel Hewish has not withdrawn his consent prior to the lodgement of this Prospectus with the ASIC.

Ron Wilson has given his written consent to being named as Director in this Prospectus, in the form and context in which it is named. Ron Wilson has not withdrawn her consent prior to the lodgement of this Prospectus with the ASIC.

Brett Dickinson has given his written consent to being named as Company Secretary in this Prospectus, in the form and context in which it is named. Brett Dickinson has not withdrawn his consent prior to the lodgement of this Prospectus with the ASIC.

Brett Dickinson who is the Director of the Main SPV 929 High Street Armadale Pty Ltd has given his written consent for the Main SPV being referred to in this Prospectus, in the form and context in which it is named. Brett Dickinson has not withdrawn his consent on behalf of the Main SPV prior to the lodgement of this Prospectus with the ASIC.

McGregor West has given its written consent to being named as Auditor of ARMADALE DEVELOPMENT COMPANY LTD, in this Prospectus, in the form and context in which it is named. McGregor West has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

CBRE has given its written consent for its "As if complete" appraisal for the project to be included in this Prospectus, in the form and context in which it is referred. CBRE has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Balmain NB Commercial Mortgages Limited has given its written consent for its Indicative Funding Proposal to be included in this Prospectus, in the form and context in which it is referred. Balmain NB Commercial Mortgages Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Human Habitats has given its written consent for its Town Planning Report for the project to be included in this Prospectus, in the form and context in which it is referred. Human Habitats has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Samssons Projects has given its written consent for its Preliminary Cost Estimates for the project to be included in this Prospectus, in the form and context in which it is referred. Samssons Projects has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Matthew Halkyard has given his written consent to being named as the preparer the Preliminary Cost Estimates in this Prospectus, in the form and context in which it is named. Matthew Halkyard has not withdrawn his consent prior to the lodgement of this Prospectus with the ASIC.

Each of the parties referred to in this Section, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

## **23 GOVERNING LAW**

This Prospectus, the offer and the contracts formed by the acceptance of Applications under the offer are governed by the laws in force in the State of Victoria. The Company and each Applicant submit to the non-exclusive jurisdiction of the courts of Victoria.

## **24. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. The Directors state that they have made all reasonable enquiries and have reasonable grounds to believe that any statements by the Directors in this Prospectus are true and not misleading.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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Brett Dickinson

Managing Director

**ARMADALE DEVELOPMENT COMPANY LTD**

## 24 GLOSSARY

### APPLICATION FORM

The investment Application Form accompanying this Prospectus, which you must complete in order to become an Investor in the Company. The Application Form must be completed online via the Online Platform at <http://invest.ugc.net.au>

### ASIC

The Australian Securities and Investments Commission.

### BORROWER

The legal entity which is borrowing from the Company.

### BUSINESS DAY

A day which is not a Saturday, Sunday or a gazetted public holiday in Melbourne.

### INVESTOR

A person who holds an Ordinary or Redeemable Preference Share.

### INVESTOR PLATFORM

The Online Platform, which Investors have access to for managing their accounts. You can access the Investor Platform via the Company's website at <http://invest.ugc.net.au>

### PROSPECTUS

This Prospectus relating to an investment in the Company.

### REIMBURSABLE EXPENSES (EXTRAORDINARY)

Expenses and costs incurred by the Company which are extraordinary, non-recurring and which occur outside of the normal operation of the Company (including, but not limited to, convening Investor meetings, producing disclosure documents, any enforcement action against Borrower, commencing and defending litigation, etc).

### REIMBURSABLE EXPENSES (NORMAL)

Expenses and costs incurred by the Company relating to the normal recurring day to day operations of the Company.

## **25 CORPORATE DIRECTORY**

### **25.1 OFFICE ADDRESS**

Level 7, North Tower

459 Collins Street

Melbourne 3000

### **25.2 POSTAL ADDRESS**

C/- United Global Capital

Level 7, North Tower

459 Collins Street

Melbourne 3000

### **25.3 CONTACT DETAILS**

Phone: 03 8657 7645 or M. 0409 772 205

Email: projects@ugc.net.au

Website: <http://invest.ugc.net.au>

### **25.4 DIRECTORS**

Brett Dickinson

Joel Hewish

Ron Wilson

### **25.5 COMPANY SECRETARY**

Brett Dickinson

### **25.6 AUDITOR**

Ryan O'Shea

McGregor West

Level 1

478 Albert Street

East Melbourne VIC 3002

[ryano@mchg.com.au](mailto:ryano@mchg.com.au)

+61 3 9650 1644

## **26 APPLICATION FORM**

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

I/we apply for

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Number of Redeemable Preference Shares in ARMADALE DEVELOPMENT COMPANY LTD at \$1 per Share or such lesser number of Redeemable Preference Shares which may be allocated to me/us

I/we lodge full Application Money

\$\_\_\_\_\_

Are you investing as

- a. Individual investor
- b. Joint Investor
- c. Company or Trust

Individual/Joint applications - refer to naming standards for correct forms of registrable title(s)

Title or Company Name

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Given Name(s)

---

Surname

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Joint Applicant 2

Enter your Postal Address

Unit

Street number

Street name

City/Suburb/Town

State

Post Code

Enter your Contact Details

Contact Name

Phone number

## **ARMADALE DEVELOPMENT COMPANY LTD**

Make your cheque or bank draft payable to "ARMADALE DEVELOPMENT COMPANY LTD" and crossed "Not Negotiable or do an EFT transfer to

Account Name	ARMADALE DEVELOPMENT COMPANY LTD
BSB	063010
Account Number	13794873
Bank	Commonwealth Bank
Reference	<Investor Name>

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the replaceable rules of the Corporations Act being used by the Company. I/We confirm that I/We have not been provided Personal or General Financial Advice by Tech Baron PTY LTD which provides Technology services as platform operator. I/We have relied only on the contents of this Prospectus in deciding to invest and will seek independent adviser from my financial adviser if needed.

### **26.1 HOW TO COMPLETE THIS FORM**

#### **26.1.1 REDEEMABLE PREFERENCE SHARES APPLIED FOR**

Enter the number of Redeemable Preference Shares you wish to apply for. The application must be for a minimum of 50,000 Redeemable Preference Shares. Applications for greater than 50,000 Redeemable Preference Shares must be in multiples of 10,000 Redeemable Preference Shares. Note that 1 Redeemable Preference share is worth \$1.00 so this number is also equal to the amount you wish to invest.

#### **26.1.2 APPLICATION MONIES**

Enter the amount of Application Monies. Note that 1 Redeemable Preference share is worth \$1.00 so this number is also equal to the amount of Redeemable Preference Shares you wish to purchase.

#### **26.1.3 APPLICANT NAME(S)**

Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a Company. Up to 2 joint Applicants may register.

#### **26.1.4 POSTAL ADDRESS**

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

#### **26.1.5 CONTACT DETAILS**

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

**26.1.6 PAYMENT**

If you are using EFT, please use the instructions mentioned above for Bank account details. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected.

**27 REFERENCES**

Pricefinder report on Suburb	<a href="https://www.dropbox.com/s/wonwmpkm9gipI3/Armadale%20Market%20Report.pdf?dl=0">https://www.dropbox.com/s/wonwmpkm9gipI3/Armadale%20Market%20Report.pdf?dl=0</a>
Plans	<a href="https://www.dropbox.com/s/8mp8brdkme15vw9/181213_WIP_929-93%20High%20Street%20Armadale%20-%20Town%20Planning%20Application.pdf?dl=0">https://www.dropbox.com/s/8mp8brdkme15vw9/181213_WIP_929-93%20High%20Street%20Armadale%20-%20Town%20Planning%20Application.pdf?dl=0</a>
Land Contracts	<a href="https://www.dropbox.com/s/i1r01hmd3uhkdy8/Fully%20Executed%20Contract%20of%20Sale%20and%20Section%2032%20-%20929-93%20High%20Street%2C%20Armadale%20%281%29.pdf?dl=0">https://www.dropbox.com/s/i1r01hmd3uhkdy8/Fully%20Executed%20Contract%20of%20Sale%20and%20Section%2032%20-%20929-93%20High%20Street%2C%20Armadale%20%281%29.pdf?dl=0</a>
CBRE value assessment letter	<a href="https://www.dropbox.com/s/gp7yvskuxn1k2wa/Value%20Assessment%20929%20-%20933%20High%20Street.pdf?dl=0">https://www.dropbox.com/s/gp7yvskuxn1k2wa/Value%20Assessment%20929%20-%20933%20High%20Street.pdf?dl=0</a>
Human Habitats	<a href="https://www.dropbox.com/sh/g1e06f2bhevojp4/AADfGJnmiAD2zVGqVu05ABKaa?dl=0&amp;preview=008+-+929+-+933+High+Street%2C+Armadale+-+Town+Planning+Report.pdf">https://www.dropbox.com/sh/g1e06f2bhevojp4/AADfGJnmiAD2zVGqVu05ABKaa?dl=0&amp;preview=008+-+929+-+933+High+Street%2C+Armadale+-+Town+Planning+Report.pdf</a>
Balmain NB Commercial Mortgages Limited	<a href="https://www.dropbox.com/preview/Public/IFProposal%20(Jan2019)%20-%20929%20High%20St%2C%20Armadale%2C%20Vic.pdf?role=work">https://www.dropbox.com/preview/Public/IFProposal%20(Jan2019)%20-%20929%20High%20St%2C%20Armadale%2C%20Vic.pdf?role=work</a>
Comparative Market Analysis	<a href="https://www.dropbox.com/s/9qam6noisd616td/Armadale%20CMA.pdf?dl=0">https://www.dropbox.com/s/9qam6noisd616td/Armadale%20CMA.pdf?dl=0</a>
Loan agreements	<a href="https://www.dropbox.com/s/fn41v0e342sw4j3/UGC%20Loan%20Agreement.pdf?dl=0">https://www.dropbox.com/s/fn41v0e342sw4j3/UGC%20Loan%20Agreement.pdf?dl=0</a>
Deposit Receipt	<a href="https://www.dropbox.com/s/o2zzpnehutk2581/Deposit%20Receipt.pdf?dl=0">https://www.dropbox.com/s/o2zzpnehutk2581/Deposit%20Receipt.pdf?dl=0</a>
Suburb data	<a href="https://www.dropbox.com/s/lam4ok7cblnrp7c/Suburb_Flyover_ARMADALE_21-01-2019.pdf?dl=0">https://www.dropbox.com/s/lam4ok7cblnrp7c/Suburb_Flyover_ARMADALE_21-01-2019.pdf?dl=0</a>