85 Southern Cross Ave

THE GRANGE

Information Memorandum

Wholesale Investors Only

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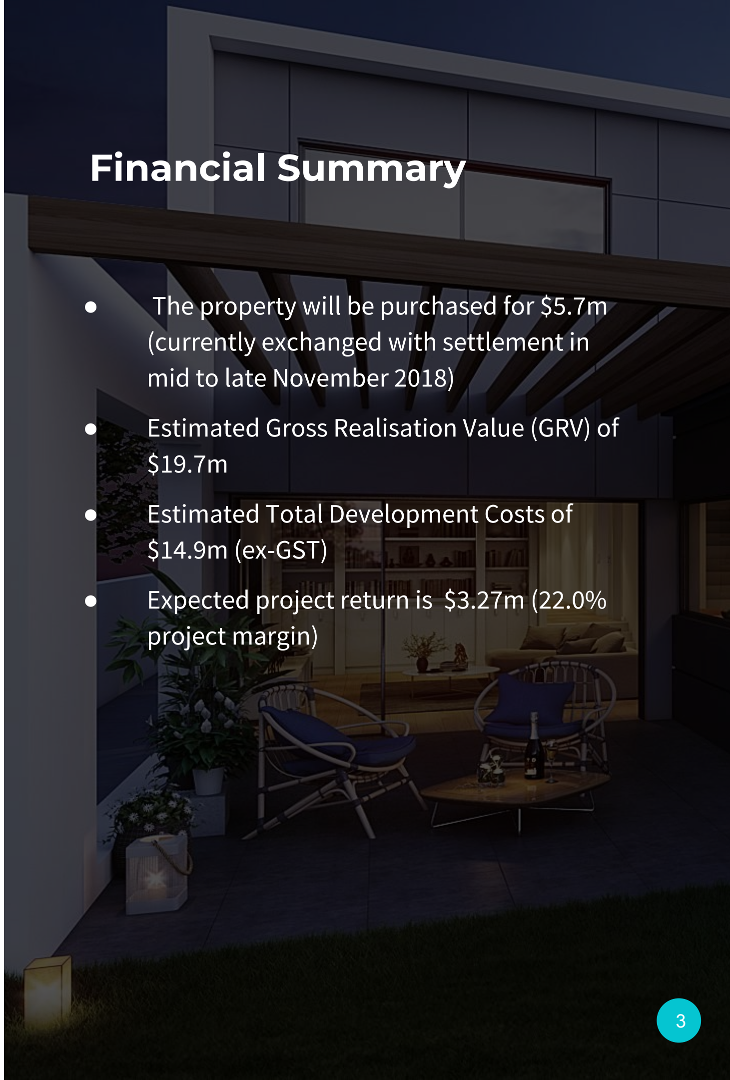
The project

- The subject property is located at 85 Southern Cross Drive, Middleton Grange on a 12,090m^2 block
- The approved DA allows for the subdivision and construction of 22 Torrens Titled Townhouses comprising 3, 3 + study and 4 bedroom Torrens Title terrace houses and a new 190m^2 park area
- A section 96 has been lodged with council to increase the project to 24 dwellings. These will be 3, 3 + study, 4 and 4 + study bedroom configurations with no changes proposed to the park (the “Project”)
- Sales and Marketing commenced in the first week of August and will be conducted in-house in conjunction with two local agents (with different stock allocation)
- The average price is estimated at $820k with strong demand expected given the limited number of large format Torrens Title terrace houses available in the area
- A third party builder (under a fixed price contract) will be engaged to complete construction which is expected to take 12 months



Financial Summary

- The property will be purchased for $5.7m (currently exchanged with settlement in mid to late November 2018)
- Estimated Gross Realisation Value (GRV) of $19.7m
- Estimated Total Development Costs of $14.9m (ex-GST)
- Expected project return is $3.27m (22.0% project margin)

Sponsor Overview

- The Sponsor is Kingdom Developments, an experienced developer of low and medium density projects in Sydney's South West
- Director Andrew Bodnar has 8 years experience and has completed 16 projects to date
- Kingdom Developments has a well formed corporate structure with Samuel Hamrosi (market research, branding, marketing, investor relations) and Daniel Calarco (finance & key industry relationship) supporting Andrew
- Kingdom Developments has strong relationships with highly credentialed Architect and Project Manager with whom they have successfully completed previous projects

Security

Security proposed includes:

- 2nd ranking mortgage over lot 100, DP 1208498, 85 Southern Cross Drive, Middleton Grange NSW 2171
- General Security Agreement over Kingdom Towers 5 Pty Ltd;
- Directors Guarantee and Indemnity from Andrew Bodnar (unlimited) and Samuel Hamrosi (unlimited); and
- Tripartite agreement between the senior lender, Sponsor and builder

Section 2

KEY INVESTMENT TERMS

Mezzanine Loan via Wholesale Unit Trust investment
Offer Type

Registered Second Mortgage & Personal Guarantees
Loan Security

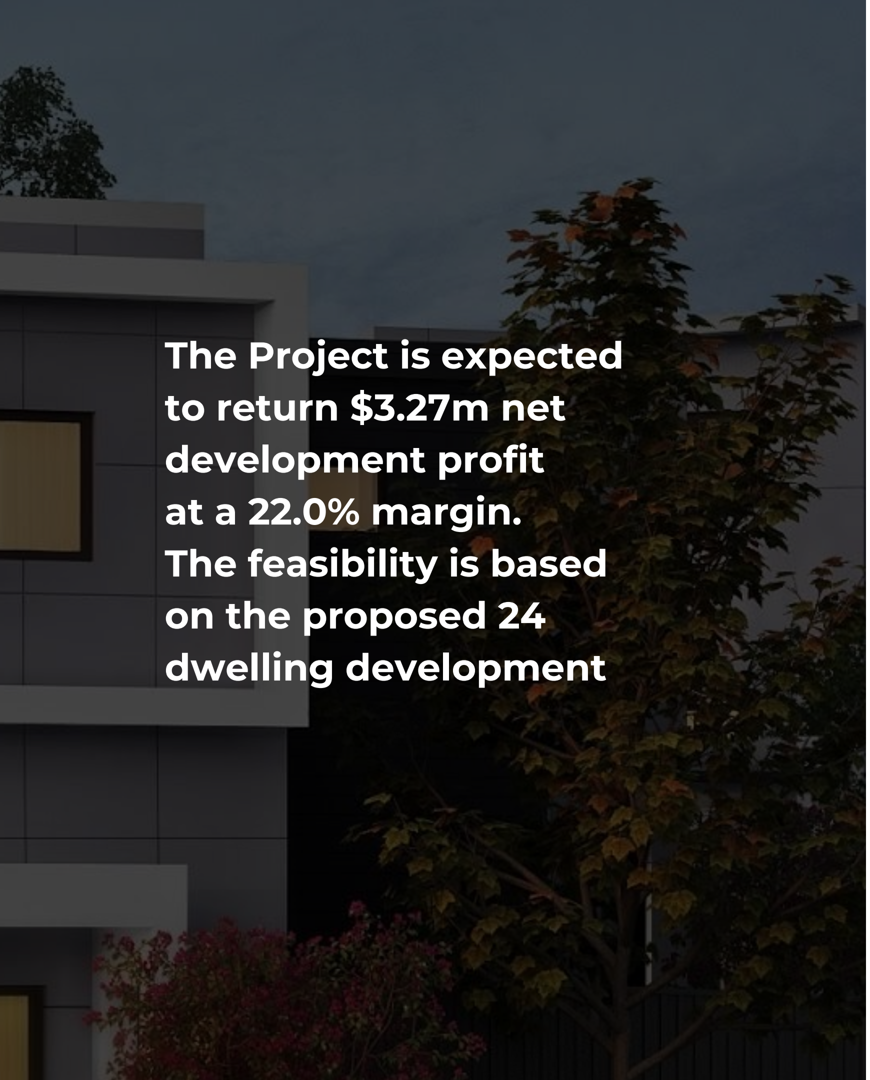
$1,100,000
Loan Amount

20% p.a.
Gross Return

12 months
Minimum Term

$5,000
Minimum Investment Amount

Interest Paid Quarterly
Distribution Frequency



The Project is expected to return $3.27m net development profit at a 22.0% margin. The feasibility is based on the proposed 24 dwelling development

Feasibility	**$,000**
Gross Sales Revenue*	19,680.0*
Less: Selling Costs	354.2
Less: GST paid	1,190.0
Net Revenue (ex-GST)	**18,135.8**
Land Acquisition	5,700.0
Stamp Duty & Legal	366.8
Construction Costs	5,672.7
Contingency (5%) + other	373.2
Council Contributions	1,200.0
Professional Fees	14.5
Marketing Costs	22.7
Statutory Costs	55.0
Finance Establishment Costs	216.0
Capitalised Interest (Senior)	915.0
Interest Paid Monthly (Mezzanine)	330.0
Total Costs (ex-GST)	**14,865.9**
Net Development Profit	**3,269.9**
Project Margin	**22.0%**

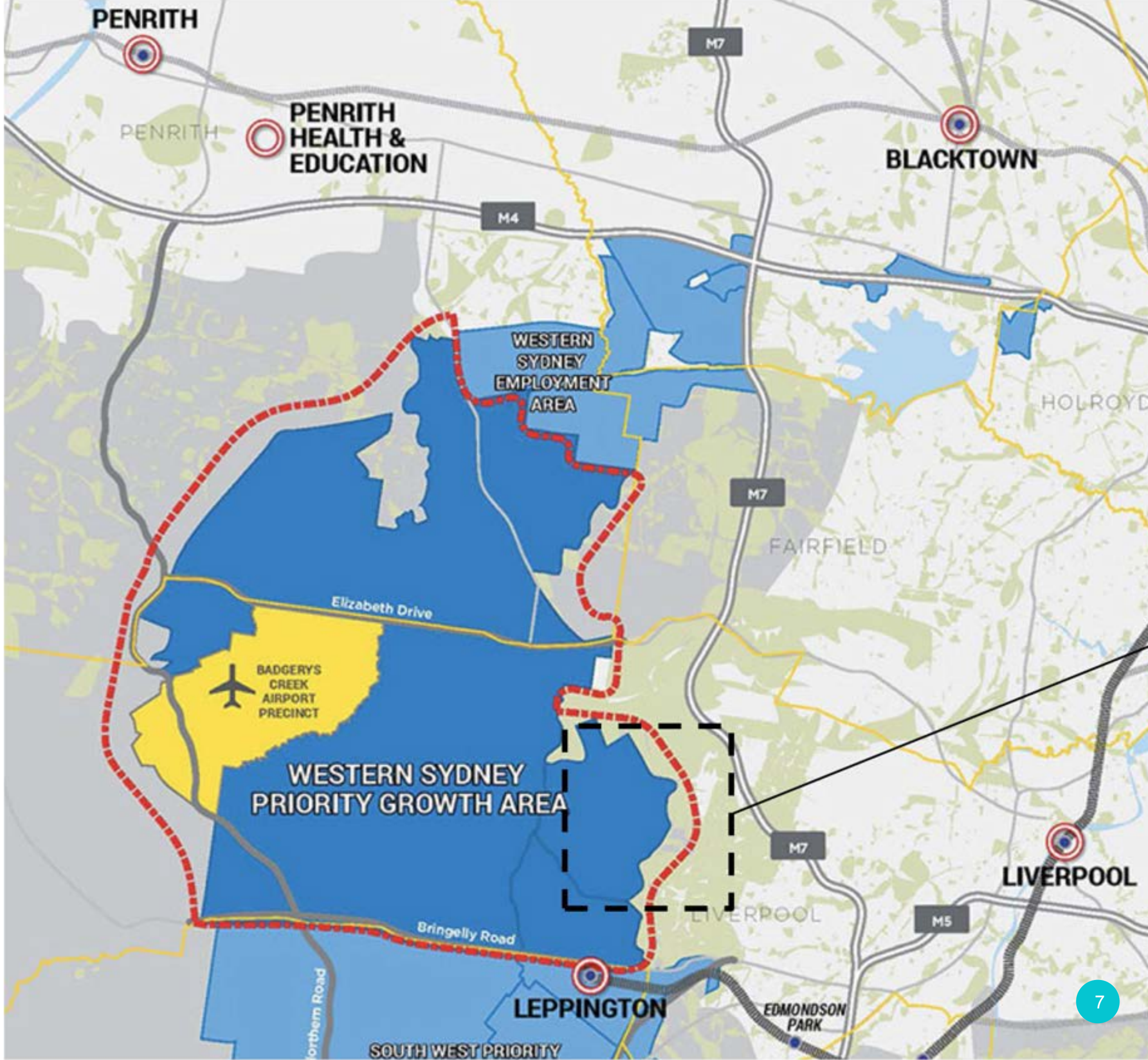
* Actual listed sale prices are higher, assumes average sale of $820,000 per dwelling

Section 3

INFORMATION ABOUT THE PROJECT

Location

The Project is located in the NSW Government's Western Sydney Priority Growth Area and just 9km from the Liverpool town centre



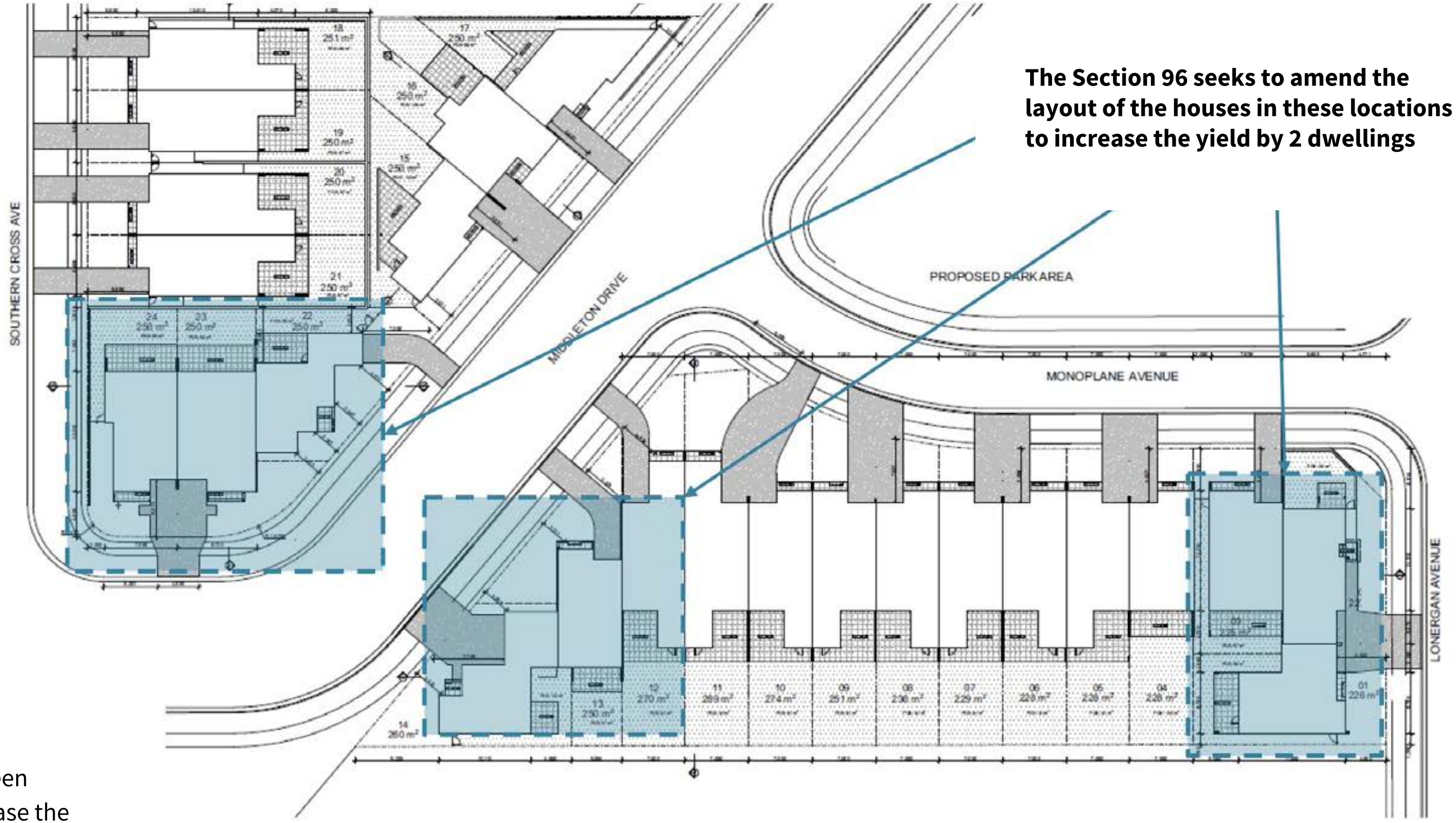
The Project is located close to:

- Middleton Grange Public School (180m)
- Carnes Hill Shopping Centre (3.3km)
- Thomas Hassel Anglican School (400m)
- M7 Motorway (4.4km)

Approved Site plan

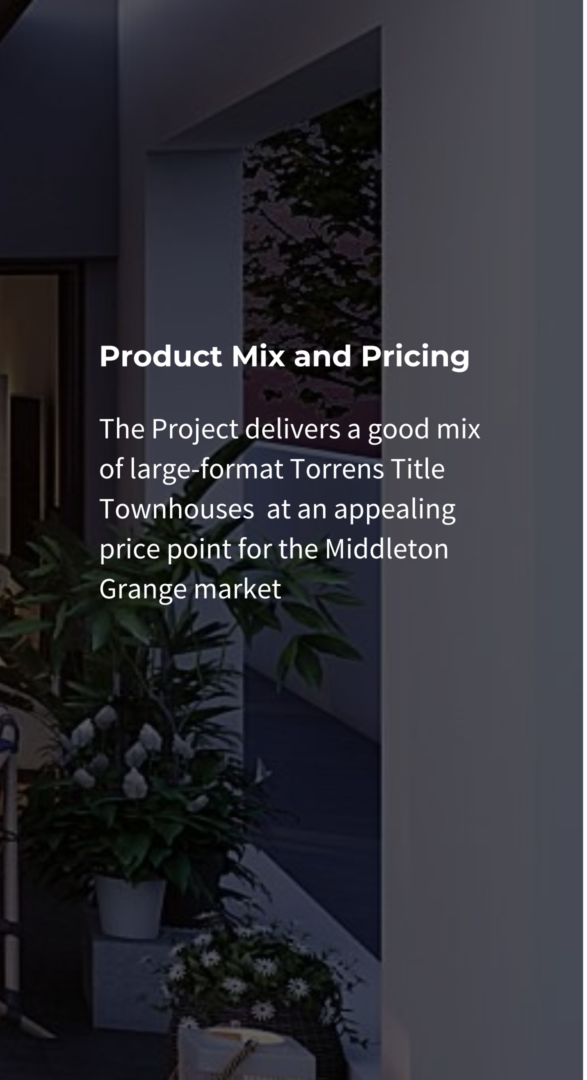
The existing approval allows for subdivision and construction of 22 Torrens Title terrace houses

The Section 96 seeks to amend the layout of the houses in these locations to increase the yield by 2 dwellings



Section 96

A Section 96 has been submitted to increase the Project to 24 dwellings



Product Mix and Pricing

The Project delivers a good mix of large-format Torrens Title Townhouses at an appealing price point for the Middleton Grange market

LOT NO.			LOT SIZE (M^2)	LIST PRICE ($K)
1	3 + guest	2	226	869,950
2	3 + guest	2	227	869,950
3	4 + study	2	225	889,950
4	3	2	228	839,950
5	3	2	228	839,950
6	3	2	228	839,950
7	3	2	229	839,950
8	3	2	236	839,950
9	3	2	251	839,950
10	3	2	274	839,950
11	4 + storage	2	289	879,950
12	4 + storage	2	270	879,950
13	3	2	250	839,950
14	4	2	260	879,950
15	3	2	250	839,950
16	4 + study	2	250	889,950
17	4	2	250	869,950
18	3 + study	2	251	869,950
19	3 + study	2	250	869,950
20	3 + study	2	250	869,950
21	3 + study	2	250	869,950
22	3	2	250	839,950
23	4 + study	2	250	889,950
24	3	2	250	839,950

* Asking prices are different to average price of $820,000 used in feasibility

SUMMARY:

11 x 3 bed
6 x 3 bed + guest/study
2 x 4 bed
5 x 4 bed + study/storage




Marketing Strategy

The Project's land size, Torrens Title, level of finishes and price point is well suited to owner occupiers and compares favourably to the suburb's median house prices

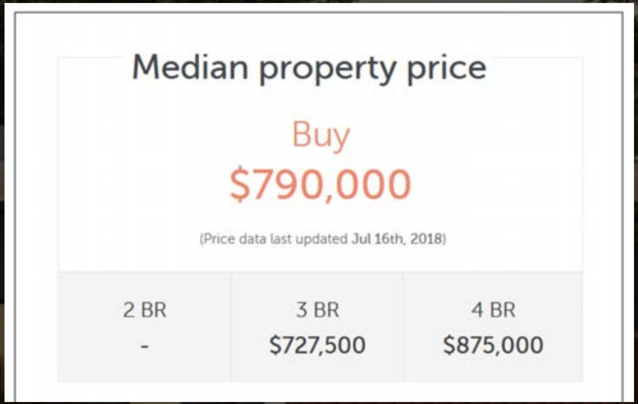
The Project is being marketed by the Sponsors in-house sales arm and in conjunction with local agents from

Macquarie Real Estate Casula and Vacci Estate Agents Middleton Grange.

The Project is targeting an average sale price of $820k

Agents will be listing the terrace houses at the following price points:

- 3 bedroom: $839,950
- 3 bedroom + guest/study: $869,950
- 4 bedroom: $879,950
- 4 bedroom + study/storage: $889,950



Courtesy of Realestate.com.au

Section 4

INFORMATION ABOUT THE DEVELOPER

The Sponsor is an experienced developer that is well supported by an established project team with whom they have completed a number of previous projects

ANDREW BODNAR

Principal

- Andrew is an experienced property developer, especially with respect to low rise, medium density developments in the Liverpool area
- Andrew has lived in Liverpool all his life and prior to establishing Kingdom Development was employed as a licensed real estate agent in the LGA and then a local builder in the capacity of Acquisition/Project Manager
- During the past 18 years he has successfully completed land subdivisions, spec home builds and duplexes. He has demonstrated an ability to deliver multiple projects simultaneously, having completed 16 developments during this period

SAMUEL HAMROSI

Marketing & Investor Relations

- Samuel is an experienced business owner, having established and successfully operated (and now exited) a number of companies during his
- 15+ year career
- Samuel has developed strong marketing and investor relations skills during this time and provides this expertise to each project
- His key responsibilities are market research, feasibility analysis, branding and investor relations

DANIEL CALARCO

Finance and Relationship Management

- Daniel is an experienced business owner, having established and successfully operated a number of companies
- Daniel is responsible for the groups (i) finance and accounting function; and (ii) relationships with local real estate and buyer's agents and strata management firms

BRETT ANDERSON

Architect

Brett is a qualified architect and Director of DTA Architects in Liverpool with more than 20 years experience

- He has experience in designing low, medium and high density residential projects and has the capability to develop commercial, child care, aged care, medical and other specialised projects

STEPHEN POLDER

Project Director

- Stephen is the principal of Greenfield Residential and has over 27 years experience in Project and Construction Management
- He has local and international project management expertise and has delivered projects for both government & corporate clients

Track record & pipeline

Since 2010, Kingdom Developments has completed 16 developments in Sydney's South West with a strong pipeline of medium density projects

Section 5

RISK STATEMENT & OTHER IMPORTANT INFORMATION

The Transaction has been de risked for a construction financier with the DA approved, the Sponsors sound local knowledge and experience, use of a third party builder and no excavation requirements

Development Approval

Development Approval has already been obtained for a 22 Townhouse development on the site. There is section 96 awaiting approval for 2 additional Townhouses and redesign of the Private Open Space areas to comply with the local DCP.

Liverpool Council is supportive of the proposed amendments and approval of the s.96 is expected in December 2018

Cost Risk

Costs such as professional fees or construction costs are significantly higher or lower. This is mitigated by Kingdom Developments' industry experience and a sound knowledge of local planning requirements.

The value of the end product is higher or lower. This is mitigated by the developer's up-front market research and project selection process.

Demand & Competition

The Project is targeting an average selling price of $820k per dwelling which is in line with the suburb and LGA median prices

Strong demand is anticipated given the price point relative to the large format Torrens Title Townhouses, both of which compare favourably to currently available stock in Middleton Grange

Sponsor Experience

Kingdom Developments focuses solely on the Liverpool LGA ensuring a sound knowledge of local planning requirements

Director, Andrew Bodnar has more than 18 years experience, having completed 16 projects during this time, including 3 requiring material civil works

Kingdom Developments has a well formed corporate structure with Samuel Hamrosi (market research, branding, marketing, investor relations) and Daniel Calarco (finance & key industry relationship) supporting Andrew

Construction Risk

Traditional construction elements throughout including timber veneer structure, metal roof sheeting and plasterboard internal walls

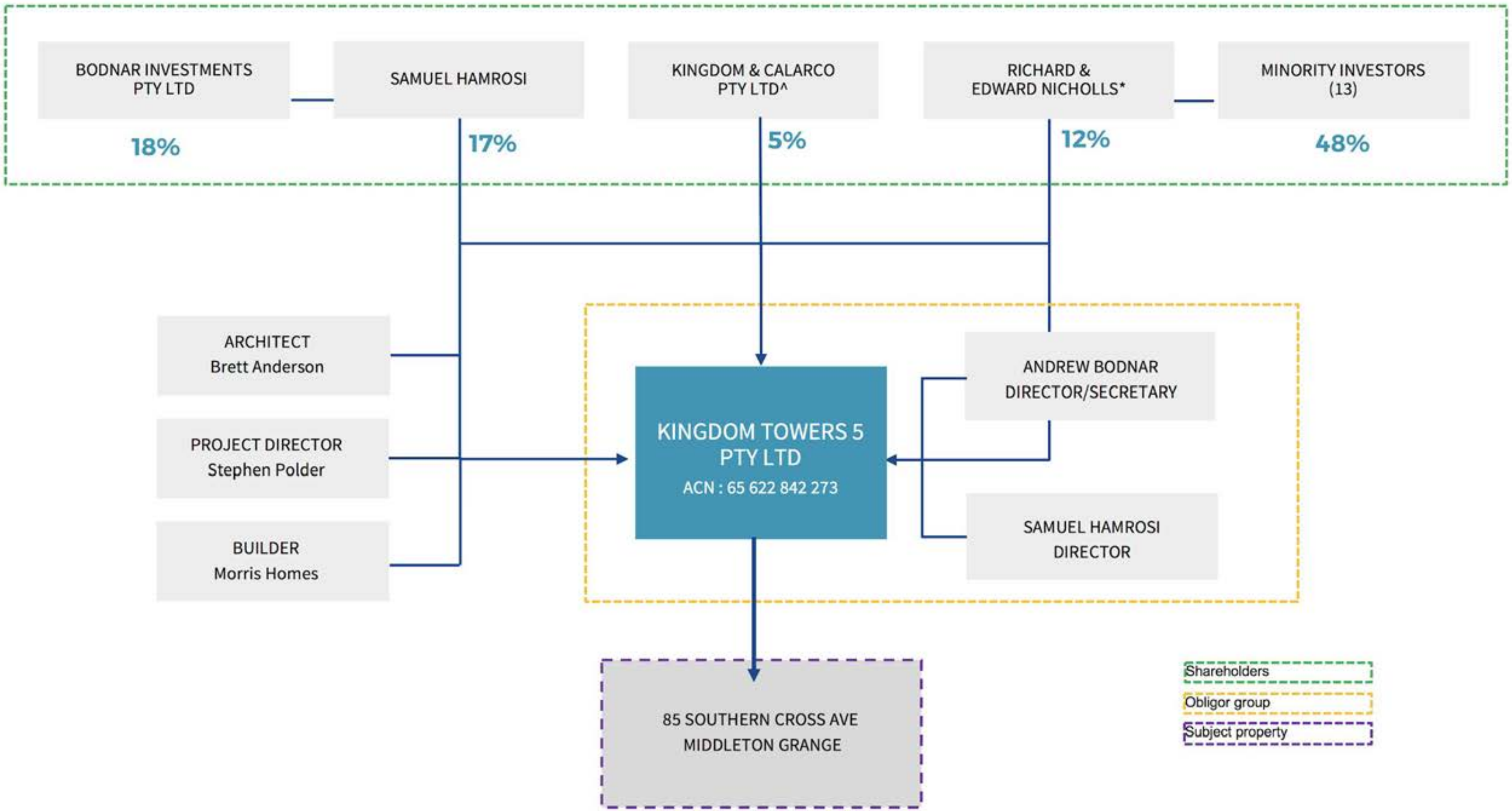
A formal tender process will be run to secure a builder on a fixed price contract. The Sponsor has relationships with a number of suitably experienced builders and civil contractors that it will seek tenders from for this project

There is excellent street access to the predominantly level site and all car parking is at grade ensuring no requirement for excavation

Timing

Although Kingdom Developments used their best estimates for realistic timeframes, many processes are external and as such timeframes cannot be guaranteed.

Transaction structure



^Kingdom & Calarco Pty Ltd is the personal investment vehicle of Daniel Calarco
* Richard Nicholls is Andrew Bodnar's Financial Advisor

Borrower

KINGDOM TOWERS 5 PTY LTD

Facility

(1) LAND ACQUISITION FACILITY

Loan amount	Gearing	Tenor
$3,845,000	67.5% LVR*	18 months

Key terms

- Loan-to-Value ratio not to exceed 85%;
- Interest to capitalise to the loan account monthly in arrears; and
- Satisfactory Valuation
- Loan amount comprises $2,745,000 1st mortgage (Balanced Securities) and $1,100,000 second mortgage (VentureCrowd)

* based on the land contract price of $5,700,00 otherwise, 84.0% LVR of valuation by Egan's Valuers $4,575,000 (see Data Room)

Facility

(2) CONSTRUCTION FACILITY

Loan amount	Gearing	Tenor
$8,755,000	84.8% LTC	15 months

Key terms

- Loan-to-Cost ratio not to exceed 85%;
- Loan-to-Value ratio not to exceed 65%;
- 100% Pres-sales to Debt Cover;
- Satisfactory Valuation and initial Quantity Surveyor Report;
- Interest to capitalise to the loan account monthly in arrears;
- Builder and construction contract to be satisfactory to the lender;
- Cost overruns to be funded by equity; and
- Development controls per usual lender conditions

Security

- 1st Registered Mortgage over Lot 100, DP 1208498 aka 85 Southern Cross Avenue, Middleton Grange 2171; (Balanced Securities)
- 2nd Registered Mortgage over Lot 100, DP 1208498 aka 85 Southern Cross Avenue, Middleton Grange 2171; (VentureCrowd)
- Directors Guarantee and Indemnity from Andrew Bodnar (limited) and Samuel Hamrosi (limited) for 1st Mortgage
- Directors Guarantee and Indemnity from Andrew Bodnar (unlimited) and Samuel Hamrosi (unlimited) for 2nd Mortgage (VentureCrowd)
- General Security Agreement over Kingdom Towers 5 Pty Ltd; and
- Tripartite Agreement between the senior lender, Sponsor and builder

IMPORTANT INFORMATION

This Information Memorandum (IM) is dated 29th October 2018 and is issued by VentureCrowd Pty Ltd (ABN 40 166 598 849, AFSL 503 381) (VentureCrowd). VentureCrowd Nominees Pty Limited (ABN 36 166 599 140) (Trustee) is an authorised representative of VentureCrowd Pty Ltd and is the trustee of the VentureCrowd Trust No. 393 (Middleton Grange) (Trust), the issuer of the Units under this IM. VentureCrowd and the Trustee are members of the VentureCrowd Group.

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This IM must be read in conjunction with the trust deed for the Trust (Trust Deed), copies of which are available from the Trustee by email at daniel@venturecrowd.com.au. To the extent there are inconsistencies between the Trust Deed and this IM, the Trust Deed will prevail.

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