



# CASE STUDY **NEWPORT**

## **2 - 4 FOAMCREST AVENUE NEWPORT BEACH DEVELOPMENT INVESTMENT**

**INVESTMENT OPPORTUNITY INFORMATION**  
PROVENT PROPERTY GROUP PTY LIMITED  
ACN 616 420 305

PO Box 228, Newport Beach 2106.  
Tel: 02-9997 8117 Fax: 02-9979 6029

September 2017

## **IMPORTANT NOTICE**

---

This Investment Opportunity Information (Document) has been prepared by Provent Property Group Pty Limited (Provent), the manager of the proposed development project.

THIS DOCUMENT IS NOT AN INVITATION TO INVEST IN THE PROJECT AND DOES NOT CONSTITUTE AN OFFER OF SECURITIES. IT HAS BEEN PREPARED FOR INFORMATION PURPOSES ONLY.

### **NO WARRANTIES OR LIABILITY**

This Document contains statements, opinions and matters the truth, accuracy or completeness of which is not assured or warranted by Provent. No responsibility or liability is accepted by Provent, their respective officer's employees, agent or associated or related corporation or advisers for any reliance placed on this Document, or part thereof, in any respect whatsoever.

To the fullest extent permitted by law, no responsibility or liability (including in negligence) is accepted by Provent, their respective officers, employees, agent or associated or related corporation or advisers for, or in connection with, any act or omission, directly or indirectly relied upon; and for any cost, expense, loss or other liability, directly or indirectly, arising from, or in connection with, any omission from or defects in, or any failure to correct, any information in this Document, any other document provided in relation to the development or any other communication (whether oral or written) about or concerning the development and this investment opportunity.

The inclusion of forward-looking statements set forth in this Document should not be regarded as a representation or warranty with respect to their accuracy or the accuracy of the underlying assumptions or that the investment opportunity will achieve or is likely to achieve any particular results. Neither Provent nor their officers, employees, agent or associated or related corporation or advisers guarantee the performance, success or results of the investment opportunity.

### **NO RECOMMENDATION ON SUITABILITY OF INVESTMENT**

This Document does not purport to provide all of the information a potential investor may require in order to evaluate the investment opportunity. Potential investors considering an investment should make their own enquiries and evaluations as they deem necessary to verify the information contained in this Document and to determine the suitability of a potential investment in the investment opportunity. Any potential investor should consult their own adviser(s) as to legal, tax, business and related implications concerning this investment opportunity.

### **CONFIDENTIAL INFORMATION**

In consideration of the Manager making this Document available to you, you agree to keep the Document and all matters set out in the Document strictly confidential and not to disclose this Document or any part of it to any person, excluding your legal, financial or other advisors, without the prior written consent of Provent. You agree upon request of the immediately to return this Document to Provent.

Any reproduction or distribution of this Document, in whole or in part, or use of any information obtained herein for any purpose other than for the recipient to evaluate a potential investment is prohibited.

## TABLE OF CONTENTS

---

Important Notice	2
1. Introduction	5
2. The Project	6
3. Funding	8
4. Trustee and Manager/Developer	12
5. Risk Factors	14
6. The Proposed Offer to Investors	16
7. The Directory	18

APPENDIX 1 - Executive Summary of Proposed Financials APPENDIX 2 - Cash Flow Projections (Feasibility)

APPENDIX 3 - Summary of Proposed Terms of Loan APPENDIX 4 - Marketing Appraisal

APPENDIX 5 - Preliminary Design and Architectural Images

## 1. INTRODUCTION

---

THE PURPOSE OF THIS DOCUMENT IS TO SEEK EXPRESSIONS OF INTEREST FROM POTENTIAL INVESTORS IN THE INVESTMENT OPPORTUNITY DETAILED IN THIS DOCUMENT

IT IS NOT AN INVITATION TO INVEST IN THE PROJECT AND IS NOT AN OFFER OF SECURITIES

### THE INVESTMENT OPPORTUNITY

The 2-4 FOAMCREST AVENUE Unit Trust (“the Trust”) has been established by Provent Property Group Pty Limited (the Manager) to develop a luxury residential development at 2 - 4 Foamcrest Avenue Newport Beach. The Trust has entered into an option agreement to purchase the properties and will be required to exercise the options and settle the purchase by December 2018 or sooner if development approval is achieved in the interim.

Investors in the Trust will have the opportunity to participate in the profits arising from the development of the property. Potential investors are being asked to express their interest in acquiring units in the Trust on the terms set out in this Document.

### THE TRUST

PVD NO. 20 PTY LTD (“the Trustee”) has been appointed trustee of the Trust.

The Trust is seeking to raise a total of \$2.1 million from investors through the issue of 210 units at \$10,000 each with a minimum of 10 units per investor. The Trust will also seek to raise a further \$7,350,000 through a project & construction loan facility through a senior lending institution and mezzanine finance to the value of \$750,000 secured by a legal charge over the property and by several guarantees from the directors of the Trustee.

The Trust is terminable by the Trustee and it is expected that the Trust will be terminated after completion of the development and final distribution to unit holders.

### THE LUXURY RESIDENTIAL DEVELOPMENT AT 2-4 FOAMCREST AVENUE NEWPORT BEACH (“THE PROPERTY”)

The Property consists of two registered titles, to be consolidated, with a combined site area of 1366 square metres. The Property is within the proposed Pittwater 21 LEP and R3 Zoning and it is proposed to develop the site in accordance with the Pittwater 21 LEP and DCP to a residential apartment building consisting of 7 luxury owner occupation apartments with approximate internal living spaces of between 135m<sup>2</sup> and 175m<sup>2</sup> over a basement carpark.

The proposed development will involve the preparation and submission of a development application as a fully compliant design with expectations of a 6 month approval process. The timing for the preparation and approval process is anticipated to be finalized prior to the date for the sale contracts of the land to be finalised. It is intended that all the apartments will be sold with a view to final settlement on or shortly after (within four months of) completion of the development and the cash flow and profit forecasts are based on this timing.

It is estimated that the total cost of the development project (including the cost of acquisition of the Property and valuation uplift) will be \$10,360,000 (after GST is reclaimed). The estimated gross proceeds on sale of the completed apartments (before GST, legals and sales commissions) are \$14,800,500. The net proceeds is expected to be \$2,800,000 with a Return on Cost of c26.30%\*, a Project IRR of 34.23%\* and an Equity IRR of 66.21%\* as per the attached Appendix 2 Feasibility Study.

\* These figures are estimates only and are included for indicative purposes only

Further details of the projected costs, income and returns of the Project are set in the Executive Summary in Appendix 1.

### THE UNIT HOLDERS AGREEMENT (“THE UNIT HOLDERS AGREEMENT”)

It is proposed that Provent Property Group Pty Limited will enter into a Unit Holders Agreement, which will provide that the Provent Property Group Pty Limited is appointed manager and developer of the project.

The Unit Holders Agreement will also set out a number of operating and financial issues relating to the project, including:



- ◆ the duties and responsibilities of the Trustee
- ◆ the duties and responsibilities of the Manager as manager and developer
- ◆ the financing of the acquisition and development of the Property and the liabilities and responsibilities of investors
- ◆ the issue of units in the Trust
- ◆ the manner and order of the distribution of the proceeds of sale of the completed apartments in the development.
- ◆ the term and termination of the project and the Unit Holders Agreement
- ◆ the project relationship between the parties to the Unit Holders Agreement
- ◆ the treatment and apportionment of any loss arising on the project.

The Unit Holders Agreement will provide that the sale proceeds of the project (completed apartments in the development), net of sales commission, legal and GST expenses will be applied as follows:

- ◆ to repay loan funds and interest thereon invested by the external bank or fund
- ◆ to repay the equity funds and any interest thereon invested by unit holders
- ◆ to pay an Equity IRR of 15% from the balance remaining to unit holders pro rata to the amounts invested;
- ◆ to pay 50% of the balance remaining to unit holders pro rata to the amounts invested and 50% to the Manager

Every subscriber for units in the Trust will be bound by the terms of the Unit Holders Agreement and an application for units will be conditional on the applicant signing the Unit Holders Agreement.

## PROJECT RESPONSIBILITY

PVD NO. 20 PTY LTD as trustee for the Trust will be the registered owner of the Property. The Trustee will undertake the Project in accordance with the terms of Unit Holders Agreement.

Under the terms of the Unit Holders Agreement, Provent will be appointed the manager of the Project. The Trustee will not be responsible for the development and management neither of the Property nor for the repayment of the project loans secured on the Property. Provent will provide a full indemnity to the Trustee for any costs expenses or liabilities whatsoever arising from the Project.

## 2. THE PROJECT

---

### 2.1 Project Details

#### 2.1.1 LOCATION: 2 & 4 Foamcrest Avenue, Newport Beach.

The property is located on the western side of Foamcrest Avenue at the southern end and overlooks the retail precinct. The site consists of 1 vacant lot and an established dwelling, and has frontage to 2 streets, Seaview Avenue at the rear and the main frontage to Foamcrest Avenue. The total area of the site is approximately 1366 m<sup>2</sup> and is slightly elevated allowing views of the ocean from the proposed upper levels. The site, once developed, would have views across the retail / commercial strip and is situated approximately 250 metres from Newport Beach.

**2.1.2 NUMBER:** Residential apartment development consisting of 7 luxury apartments with approximately 1050 m<sup>2</sup>, with 2 car spaces and storage per apartment as well as courtyard and balcony space on title.

**2.1.3 DESCRIPTION:** The site consists of 1 vacant residential lot of 708m<sup>2</sup> (2 Foamcrest) and a substantial residential dwelling (4 Foamcrest) with a site area of 658m<sup>2</sup>. It is proposed to develop the site in accordance with the Pittwater 21 LEP and DCP and the R3 zoning to a fully compliant residential apartment building consisting of 7 large 3 bedroom luxury apartments. The proposed design plan is for each apartment to be a minimum internal area of between 135 m<sup>2</sup> and 175 m<sup>2</sup> for 3 bedroom apartments with additional space for balconies, roof gardens, car parking and storage. Provent is currently negotiating terms with the award-winning architect Richard Cole to design a unique and exclusive residential project.

**2.1.4 LAND:** Site area = 1366 m<sup>2</sup> with proposed net saleable area to be 1050 m<sup>2</sup>. The valuation without Development Application approval is approximately \$4.3 million.

Purchase price of the land is \$1.9 million for 2 Foamcrest and \$2.4 million for 4 Foamcrest. Provent will be expecting a valuation uplift of circa \$500,000 with development approval. The total Land Cost in the project feasibility is \$4.3

million.

Included in the total project costs is an acquisition fee of \$60,000 + GST payable to the project initiators,, Provent and this cost has been included in the project feasibility.

**2.1.5 SALE PRICES:** The sale price range used in the budget is from \$1,800,000 to \$2,275,000 for residential apartments.

## 2.2 PROJECT STATUS

**2.2.1 DEVELOPMENT APPLICATION (DA):** The timing of the planning process with Pittwater Council for this type of development involving the preparation and submission of the development application is between 3 and 4 months and council approval process to take between 6 and 9 months. It is expected to have achieved development approval by October 2018.

After development approval being granted the Manager will procure a construction loan or loans on behalf of the Trust to finance the Project.

**2.2.2 EXCHANGE OF LAND PURCHASE CONTRACT:** The Trustee has entered into an option deed to purchase the properties with a 1.5% option fee or \$64,500. The 1.5% or \$64,500 will form part of the deposit for the purchase price of the land parcels. Settlement of the contract is due on the earlier of 60 days after development approval or the 42 days after the original exercise date (15th of September 2017) or late October 2018.

**2.2.3 PROJECT COMPLETION:** Subject to development approval and construction certificate, construction is planned for completion in November 2019 and a 4-month contingency is budgeted for interest beyond this date. An 'off the plan' marketing campaign will be commenced in the months following after the development application is approved.

## 3. FUNDING

---

### 3.1 CASH FLOW PROJECTION

A Cash Flow Projection summarising the estimated project costs, including manager and trustee fees and costs, selling prices and profit projections, on a monthly basis over the project period, is attached as Appendix 2.

These financial details, projections and calculations have been prepared by Provent. They are attached to this Document Information as estimates only and for indicative purposes. Provent, the Trustee PVD No. 20 PTY LTD accept no responsibility or liability as to the accuracy or completeness of the financial details contained in this Document. Potential investors should make their own enquiries and evaluations on these issues.

### 3.2 PROJECT FINANCING OPTIONS

**3.2.1** It is proposed to finance the project, including the acquisition and development of the Property as follows:

- a) Through the funds raised on the issue of units in the Trust for \$2.0 million.
- b) Through loans from a bank (s) or other external financial institutions to be raised by Provent in the name of the Trustee for the Trust - \$6.90 million at the standard senior lender finance terms and a second facility (Preferred Equity) through a private placement. The proposed terms of the loans to be negotiated are summarized in Section 3.3 below.

**3.2.2** It is proposed that the funds raised on the issue of units in the Trust and by way of loans, will be available and sufficient to fund the costs of acquisition of the Property and completion of the project. In the event of a shortfall, the Trustee on the recommendation of the Manager may arrange short-term interim finance for this purpose.

**3.2.3** In the event that additional funds are required to complete the project for any reason, including:

- a) less than \$2.0 million being raised on the issue of units in the Trust; or
- b) the cost of completing the project exceeding the forecast costs such additional funds may be acquired
  - i) from existing or new investors through subscription for additional units in the Trust
  - ii) from existing investors through the guarantees provided
  - iii) from external sources through additional loan finance.

The terms and conditions relating to the provision of additional funds will be set out and referred to in the Unit Holders Agreement.

## 4. TRUSTEE AND MANAGER/DEVELOPER

---

### TRUSTEE AND CUSTODIAN

The Trust has been established by a Trust Deed dated 12th September 2017, under which the Trustee agrees to act as trustee and custodian of the Trust.

Provent will provide administration and management services for the Project. The Trustee will be responsible for the issue of the units and the operation of the Trust on behalf of the manager in accordance with the terms of the Trust Deed.

The fee for these services are included in the costs of the project as outlined in the cash flow projections attached as Appendix 2 and referred to in Section 2.

The directors of the Trustee are:

#### MARTIN CORK

Martin Cork is also a Director and shareholder of Provent and has been working in the property development industry for over 25 years. In particular, Mr. Cork is a licensed builder and has also has been providing advisory and dealing services with respect to managed investment schemes, where those schemes invested in the property market, since 1997. It is disclosed that Mr. Cork will benefit indirectly from the Project as a result of his interest in Provent and through being a Unit Holder in The Project.

#### JAMES FYFE

Bachelor of Architecture

Since 1981 James has had thirty five years' experience in the Australian property industry, including project and design management and property development in New South Wales. James is an experienced construction project, program and operations management professional, with extensive first-hand knowledge of the building and construction industry. James has worked on a number of high-profile public and private projects, in the hospitality, commercial, residential, health, education and resource sectors.

#### MANAGER/DEVELOPER

Provent will be appointed manager and developer of the project under the terms of the Unit Holders Agreement.

Provent has extensive experience and expertise in the management and development of property development projects and has been responsible for 12 development projects 4 of which have been successfully completed over the last 5 years and 8 of which are currently in progress.

Provent will receive fees for its services as manager and developer and has an entitlement to share in the final distribution of the completed development (project) as provided for in the Unit Holders Agreement.

The costs, expenses and share in the final distribution from the project for Provent as manager and developer are included in the costs of the project as outlined in the cash flow projections attached as Appendix 2 and in the Executive Summary attached as Appendix 1.

## 5. RISK FACTORS

---

There are a number of risks, both specific and of a general nature, to the 2-4 FOAMCREST AVENUE Unit Trust ("the Trust"), which may affect the future of the operation and financial performance of the Trust and the value of an investment in the Trust. All investments in the property development sector have an element of risk. Details of the risks will be outlined in the disclosure document when units are offered to investors.

## 6. THE PROPOSED OFFER TO INVESTORS

---

THE PURPOSE OF THIS DOCUMENT IS TO SEEK EXPRESSIONS OF INTEREST FROM POTENTIAL INVESTORS IN THE INVESTMENT OPPORTUNITY DETAILED IN THE DOCUMENT.

IT IS NOT AN INVITATION TO INVEST IN THE PROJECT AND IS NOT AN OFFER OF SECURITIES.

It is proposed that potential investors, including the potential investors who confirm their expression of interest pursuant to this Document, will be offered the opportunity to apply for units in the Trust on the term set out below.

The proposed offer terms set out below are provided for indicative purposes only and the final terms of the offer will be set out in the final offer document

#### **DETAILS OF THE OFFER**

The Trustee of the 2-4 FOAMCREST AVENUE Unit Trust is seeking to raise \$2.1 million for the Trust through the offer of 210 units of \$10,000 each ("the Offer"). The Trustee reserves the right to accept subscriptions in excess of \$2.1 million.

#### **OFFER PERIOD**

It is the present intention of the Trustee that no applications for units will be accepted after 31st October 2017 ("the Offer Period"). The Trustee reserves the right to close the Offer early or to extend the date of closing.

#### **FURTHER OFFERS**

Once the Offer has closed, it is the present intention of the Trustee that there will be no further offers of units in the Trust. However, in the event that additional funding is required to complete the Project, further units may be issued to existing or new investors. The terms on which such units may be issued are set out and referred to in the Trust Deed.

#### **MINIMUM TRUST SIZE**

The minimum size of funds targeted to be raised in this offer is \$1.8 million. In the event that the minimum level has not been raised by the time the Offer closes, the Trustee reserves the right to return all monies received from applicants (without interest) as soon as possible thereafter.

#### **PURCHASE PRICE OF UNITS**

The total purchase price of each unit in the Trust at the date of this Information Document is \$10,000.00 per unit. On application, investors must pay \$10,000.00 per unit being full payment of the purchase price of each unit. A minimum of 10 units per investor has been set by the trustee.

#### **ELIGIBLE INVESTORS**

The Trust has been established so that it is not a registered managed investment scheme and does not have to comply with the provisions of the Corporations Act 2001 relating to offers, invitations or issues in respect of which a disclosure document is required to be lodged with ASIC. Accordingly the offer to subscribe for units in the Trust will be restricted to Wholesale Clients (as defined in the Corporations Act 2001). Investors will be required to confirm their status as a Wholesale Client when making the application for units.

It will be up to the investors to satisfy the Trustee that they are an eligible investor.

The Trustee may require such information as, in its absolute discretion, it considers necessary to satisfy itself that the investor is an eligible investor.

## **7. DIRECTORY**

---

**Trustee and Custodian**

PVD NO. 20 Pty Ltd  
ACN 621 658 400 atf The 2-4 Foamcrest Avenue  
Unit Trust

**Manager and Developer**

Provent Property Group Pty. Ltd.  
Suite 401, 10 – 12 Clarke Street  
Crows Nest NSW 2065  
ACN 616 420 305

**Auditors to the Trust**

Kirkby Jones ACN 797 796 541  
Suite 607  
20 Bungan Street Mona Vale, NSW 2103



## APPENDIX 1

### EXECUTIVE SUMMARY OF PROJECT FINANCIALS

#### a) Sources of Funds

Unit holders equity	\$ 2,100,000	(20.25%)
Mezzanine finance	\$ 750,000	(7.25%)
Senior debt	\$ 7,550,000	(72.50%)
<b>Total</b>	<b>\$ 10,400,000</b>	<b>(100.00%)</b>

#### b) Application of Funds - Project Cost Summary

Land Purchase cost	\$ 4,300,000	
Land Acquisition costs	\$ 307,490	
Construction costs	\$ 4,670,000	
Construction Contingency	\$ 233,500	
Professional Fees	\$ 529,570	
Business Overheads	\$ 32,000	
Statutory Fees	\$ 68,500	
Authority Fees	\$ 155,000	
Project Contingency Reserve	\$ 60,081	
Land Holding Costs		\$ 23,200
Finance Charges (Incl fees)	\$ 219,417	
Interest Expense	\$ 335,595	
Total Costs (before GST reclaimed)	\$10,934,353	
Less GST reclaimed		\$ 573,405
<b>Total Project Cost</b>	<b>\$ 10,360,948</b>	

#### c) Indicative project feasibility construction and sale of properties

Total sales revenue	\$14,800,825
Less commission / legal	-\$ 386,618
GST on Sales	-\$ 1, 236,439
<b>Net sales revenue</b>	<b>\$13,188,014</b>
Less Total Project Cost	\$10, 360,948
Net project income	\$ 2, 826,166
Project return on cost	26.30% (\$2,826,166/\$10,360,948)
Project IRR	34.23%

#### d) Distribution of proceeds in accordance with the Unit Holders and Managers Agreement.

**Return of unit holder's equity (210 x \$10,000)** \$2,100,000

**Project profit forecast** \$2,826,166

##### First distribution to unit holders.

Equal to 15% IRR of equity. (\$2,100,000) \$ 615,500  
Balance of profit \$2,210,666

##### Second distribution

Unit holders 50% of \$2,210,666 \$1,105,333  
Provent 50% of \$2,210,666 \$1,105,333  
Balance Nil

#### e) Unit Holders Return

First distribution \$ 615,500

Second distribution	\$ 1,105,333
<b>Total</b>	<b>\$ 1,720,833</b>
<b>Unit Holders return on equity outlay</b>	<b>81.94%</b> (\$1,720,833/2,100,000)
<b>Equity IRR (due to timing)</b>	<b>66.21%</b>

The forecast returns per \$10,000 unit are \$8,194. Therefore the return of unit equity plus forecast profit equals \$18,010 estimated distribution per unit.

The project duration is expected to be 26 months in total, 18 months from the date of settlement and is subject to council approval. Main equity investment would be at land settlement (month 13).

## APPENDIX 2

---

# Development Feasibility Model

EstateMaster Licensed to: Provent Property Group Pty Ltd

## 1 : Newport Boutique Luxury Apartment Development

2 - 4 Foamcrest Avenue Newport Beach : Project Feasibility V 4 - Pref Equity. 7 Lots. IM

<b>Date of Report :</b>	12-Sep-2017	<b>Project Size :</b>	7 Town Homes
<b>Time Span :</b>	Sep-17 to Dec-19 (27 Months)		1 per 195.14 of Site Area
<b>Type :</b>	Residential	<b>Project Size :</b>	1,366 GFA
<b>Status :</b>	Under Review		1 per 1 of Site Area
<b>Site Area :</b>	1,366	<b>FSR :</b>	1:1
		<b>Equated GFA :</b>	1,366
<b>Prepared By :</b>	Martin Cork	<b>Address :</b>	2 - 4 Foamcrest Avenue
<b>Prepared For :</b>	Information Document		Newport Beach
<b>Developer :</b>	Provent Property Group Pty Ltd		NSW
			Australia

SUMMARY OF PROJECT RETURNS

Newport Boutique Luxury Apartment Development

2 - 4 Foamcrest Avenue Newport Beach  
Project Feasibility V 4 - Pref Equity, 7 Lots, IM

Estate Master Licensed to: Provent Property Group Pty Ltd

Time Span:	Sep-17 to Dec-19 (27 Months)		
Type:	Residential		
Status:	Under Review		
Site Area:	1,366		
#N/A	1:1	Equated GFA:	1,366
Project Size:	7 Town Homes	1 per 195.14 of Site Area	
	1,366 GFA	1 per 1 of Site Area	

				Total AUD	AUD Per of Site Area	AUD Per Town Homes	AUD Per Total Net Revenue
<b>Revenues</b>							
	Quantity	SqM	AUD/Quantity				
<b>Gross Sales Revenue</b>	7	1,060.50	2,114,403.57	14,800,825	10,835	2,114,404	112.2%
3 Bedroom Townhouse.	4	566.00	1,938,550.00	7,754,200			
3 Bed + Study Penthouse	3	494.50	2,348,875.00	7,046,625			
Less Selling Costs				(386,618)	(283)	(55,231)	-2.9%
<b>NET SALES REVENUE</b>				14,414,207	10,552	2,059,172	109.3%
	Average Yield	SqM	AUD/SqM/annum				
Interest Received				10,246	8	1,464	0.1%
<b>TOTAL REVENUE (before GST paid)</b>				14,424,452	10,560	2,060,636	109.4%
Less GST paid on all Revenue				(1,236,439)	(905)	(176,634)	-9.4%
<b>TOTAL REVENUE (after GST paid)</b>				13,188,014	9,654	1,884,002	100.0%
<b>Costs</b>							
Land Purchase Cost				4,300,000	3,148	614,286	32.6%
Land Acquisition Costs				307,490	225	43,927	2.3%
<b>Construction Costs (inc. Contingency)</b>				4,903,500	3,590	700,500	37.2%
Other Construction Costs				4,670,000	3,419	667,143	35.4%
Contingency				233,500	171	33,357	1.8%
Professional Fees				529,570	388	75,653	4.0%
Statutory Fees				68,500	50	9,786	0.5%
Business Overhead				32,000	23	4,571	0.2%
Authority Fees				155,000	113	22,143	1.2%
Project Contingency (Reserve)				60,081	44	8,583	0.5%
Land Holding Costs				23,200	17	3,314	0.2%
Finance Charges (inc. Fees)				219,417	161	31,345	1.7%
Interest Expense				335,595	246	47,942	2.5%
<b>TOTAL COSTS (before GST reclaimed)</b>				10,934,353	8,005	1,562,050	82.9%
Less GST reclaimed				(573,405)	(420)	(81,915)	-4.3%
<b>TOTAL COSTS (after GST reclaimed)</b>				10,360,948	7,585	1,480,135	78.6%

Performance Indicators		Per of Site Area	Per Town Homes
<sup>1</sup> Net Development Profit		2,827,066	403,867
<sup>3</sup> Development Margin (Profit/Risk Margin)	Based on total costs (inc selling costs)	26.30%	
<sup>4</sup> Residual Land Value	Based on Target Margin of 20%	4,800,672	685,810
<sup>5</sup> Net Present Value	Based on Discount Rate of 14% p.a. Nominal	1,466,935	
<sup>7</sup> Project Internal Rate of Return (IRR)	Per annum Nominal	34.23%	
<sup>8</sup> Residual Land Value	Based on NPV	5,878,448	839,778
Equity IRR	Per annum Nominal	66.21%	
Equity Contribution		2,100,000	
Peak Debt Exposure		8,298,278	

Footnotes:

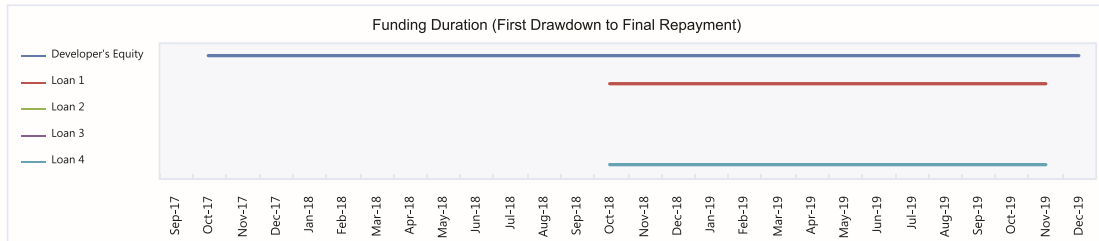
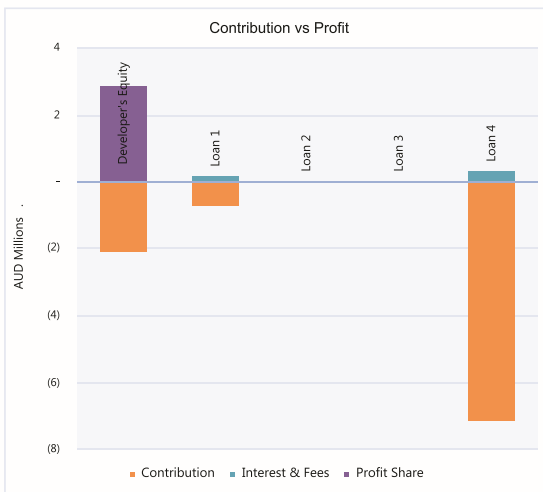
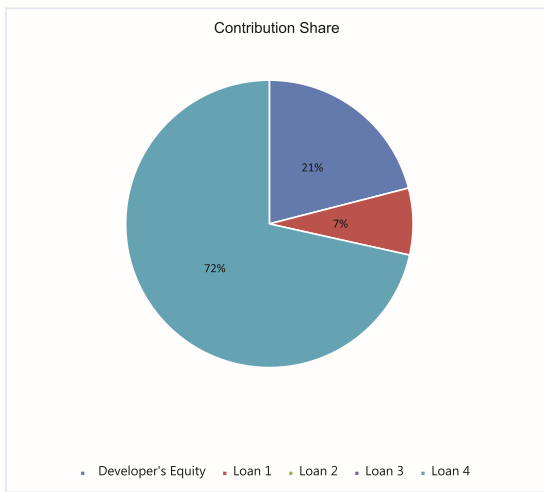
- Development Profit: is total revenue less total cost including interest paid and received
- Note: No redistribution of Developer's Gross Profit
- Development Margin: is profit divided by total costs (inc selling costs)
- Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.
- Net Present Value: is the project's cash flow stream discounted to present value. It includes financing costs but excludes interest and corp tax.
- Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs and includes financing costs but excludes interest and corp tax.
- Internal Rate of Return: is the discount rate where the NPV above equals Zero.
- Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.
- The Weighted Average Cost of Capital (WACC) is the rate that a company is expected to pay to finance its assets.
- Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).
- Yield on Cost is Current Net Annual Rent divided by Total Costs (before GST reclaimed), including all Selling Costs.
- The total net development profit divided by the current net annual rental expressed as a number of years/months.
- The period of time post practical completion that it can remain unsold (but leased out) until finance and land holding costs erodes the profit for the development to zero.

SUMMARY OF PROJECT RETURNS

**Newport Boutique Luxury Apartment Development**  
 2 - 4 Foamcrest Avenue Newport Beach  
 Project Feasibility V 4 - Pref Equity, 7 Lots, IM

Estate Master Licensed to: Provent Property Group Pty Ltd

Returns on Funds Invested	Developer's Equity	Loan 1	Loan 4	Total Equity	Total Debt
		Debt Pref equity	Debt Senior Debt		
<sup>1</sup> Funds Invested (Cash Outlay)	2,100,000	750,000	7,153,544	2,100,000	7,903,544
% of Total Funds Invested	20.99%	7.50%	71.51%	20.99%	79.01%
<sup>2</sup> Peak Exposure	2,100,000	870,566	7,427,712	2,100,000	8,298,278
Date of Peak Exposure	Oct-18	Oct-19	Oct-19	Oct-18	Oct-19
Month of Peak Exposure	Month 13	Month 25	Month 25	Month 13	Month 25
Interest Charged	-	131,448	204,147	-	335,595
<sup>3</sup> Total Profit to Funders	2,827,066	131,448	308,064	2,827,066	439,512
<sup>4</sup> Margin on Funds Invested	134.62%	17.53%	4.31%	134.62%	5.56%
<sup>5</sup> Payback Date	Dec-19	Nov-19	Nov-19	Dec-19	Nov-19
Month of Payback	Month 27	Month 26	Month 26	Month 27	Month 26
<sup>8</sup> Loan to Value Ratio	14.19%	5.88%	50.18%	14.19%	56.07%
	of Land Purchase Price.	of Land Purchase Price.	of Hard Costs.	of Sales (net of selling costs and GST).	of Sales (net of selling costs and GST).



**Footnotes:**

- The total amount of funding injected into the project cash flow.
- The maximum cash flow exposure of that equity/debt facility including capitalised interest.
- The total repayments less funds invested, including profit share paid or received.
- Margin is net profit divided by total funds invested (cash outlay).
- Payback date for the equity/debt facility is the last date when total equity/debt is repaid.
- IRR on Funds Invested is the IRR of the equity cash flow including the return of equity and realisation of project profits.
- Equity to Debt Ratio is the amount of equity contributed into the project as a percentage of debt funding.
- Loan to Value ratio is the Peak Equity/Debt Exposure divided by Total Sales Revenue.
- Loan Ratio is the total funds invested by the lender (cash outlay) divided by the nominated ratio calculation method. It includes capitalised interest and fees.





**Cash Flow Table for Newport Boutique Luxury Apartment Development**

PROJECT CASH FLOW	TOTAL	GST	22	23	24	25	26	27
			Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
<b>Sale Summary</b>								
<b>Handover Summary</b>								
<b>Project Cash Flow</b>								
<b>Revenue</b>								
Gross Sales Revenue	14,800,825	-	-	-	-	-	14,800,825	-
Selling Costs	(386,618)	-	(4,167)	(4,167)	(8,667)	(4,500)	(325,618)	-
Gross Rental Income	-	-	-	-	-	-	-	-
Leasing Costs	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-
Interest Received*	-	-	-	-	-	-	-	-
GST Payments (Liabilities)	(1,236,439)	-	-	-	-	-	(1,236,439)	-
<b>TOTAL NET REVENUE</b>	<b>13,177,768</b>		<b>(4,167)</b>	<b>(4,167)</b>	<b>(8,667)</b>	<b>(4,500)</b>	<b>13,238,768</b>	<b>-</b>
<b>Costs</b>								
Land and Acquisition	4,607,490	-	-	-	-	-	-	-
Professional Fees	529,570	4,400	4,125	-	-	-	-	-
Construction Costs (inc. Contingency)	4,903,500	788,288	873,180	606,375	509,355	-	-	-
Statutory Fees	68,500	3,333	3,333	3,333	3,333	3,333	3,333	-
Business Overhead	32,000	1,141	1,141	1,141	14,891	1,141	1,141	1,141
Miscellaneous	-	-	-	-	-	-	-	-
Authority Fees	155,000	-	-	-	-	-	-	-
Project Contingency (Reserve)	60,081	8,769	9,700	6,719	5,803	49	13	-
Land Holding Costs	23,200	-	-	10,100	-	-	-	-
Pre-Sale Commissions	-	-	-	-	-	-	-	-
Financing Costs (exc Fees)	115,500	3,667	3,667	3,667	3,667	3,667	3,667	-
GST Refunds (Input Credits)	(573,405)	(73,974)	(81,751)	(57,261)	(49,229)	(30,346)	(195)	-
<b>TOTAL COSTS</b>	<b>9,921,436</b>		<b>735,623</b>	<b>613,394</b>	<b>574,074</b>	<b>487,820</b>	<b>(22,156)</b>	<b>1,048</b>
Net Cash Flow (before Interest)	3,256,333	(739,799)	(817,561)	(582,741)	(492,320)	13,260,925	(1,048)	-
Cumulative Cash Flow	-	(8,110,922)	(8,928,483)	(9,511,224)	(10,003,544)	3,257,381	3,256,333	-
<b>Financing</b>								
<b>Developer's Equity</b>								
Manual Adjustments (Inject + / Repay -)	-	0	0	0	0	0	0	0
Injections	2,100,000	-	-	-	-	-	-	-
Interest Charged	-	-	-	-	-	-	-	-
Equity Repayment	4,927,066	-	-	-	-	-	-	4,927,066
Less Profit Share	-	-	-	-	-	-	-	-
Equity Balance	2,827,066	(2,100,000)	(2,100,000)	(2,100,000)	(2,100,000)	(2,100,000)	2,827,066	-
Project Cash Account	2,827,066	-	-	-	-	-	-	4,927,066
Surplus Cash Injection	5,667,869	-	-	-	-	-	4,917,869	-
Cash Reserve Drawdown	(5,678,114)	-	-	-	-	-	-	(4,928,114)
Interest on Surplus Cash	10,246	-	-	-	-	-	-	10,246
Surplus Cash Balance	-	-	-	-	-	-	4,917,869	-
<b>Loan 1 - Pref equity</b>								
Manual Adjustments (Drawdown - / Repay +)	-	0	0	0	0	0	0	0
Drawdown	(750,000)	-	-	-	-	-	-	-
Loan Interest Rate (%/ann)	-	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Interest Charged	(131,448)	(10,355)	(10,484)	(10,615)	(10,748)	(10,882)	-	-
Application and Line Fees	-	-	-	-	-	-	-	-
Interest Paid by Equity	-	-	-	-	-	-	-	-
Loan Repayment	881,448	-	-	-	-	-	881,448	-
Interest and Fees	131,448	-	-	-	-	-	131,448	-
Principal	750,000	-	-	-	-	-	750,000	-
Loan Balance	-	(838,719)	(849,203)	(859,818)	(870,566)	-	-	-
% of Land Purchase Price	-	17.4%	17.4%	17.4%	17.4%	-	-	-
Profit Share	-	-	-	-	-	-	-	-
Loan 1 Cash Flow	131,448	-	-	-	-	-	881,448	-
Interest Coverage Ratio	100.30	(0.40)	(0.40)	(0.82)	(0.42)	1,216.57	-	-
Debt Service Ratio	15.02	-	-	-	-	15.02	-	-
<b>Loan 4 - Senior Debt</b>								
Manual Adjustments (Drawdown - / Repay +)	-	0	0	0	0	0	0	0
Drawdown	(7,153,544)	(739,789)	(817,561)	(582,741)	(492,320)	-	-	-
Loan Interest Rate (%/ann)	-	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Interest Charged	(204,147)	(17,564)	(20,426)	(23,592)	(25,888)	(27,854)	-	-
Application and Line Fees	(103,917)	(6,042)	(6,042)	(6,042)	(6,042)	(6,042)	-	-
Interest Paid by Equity	-	-	-	-	-	-	-	-
Loan Repayment	7,461,608	-	-	-	-	-	7,461,608	-
Interest and Fees	308,064	-	-	-	-	-	308,064	-
Principal	7,153,544	-	-	-	-	-	7,153,544	-
Loan Balance	-	(5,447,059)	(6,291,088)	(6,903,462)	(7,427,712)	-	-	-
% of Hard Costs	-	52.23%	60.35%	66.14%	71.03%	-	-	-
Loan 4 Cash Flow	308,064	(739,789)	(817,561)	(582,741)	(492,320)	7,461,608	-	-
Interest Coverage Ratio	42.78	(0.18)	(0.16)	(0.29)	(0.14)	390.57	-	-
Debt Service Ratio	1.77	-	-	-	-	1.77	-	-
Project Overdraft	-	(6,285,778)	(7,140,291)	(7,763,280)	(8,298,278)	-	-	-
% of Sales (net of selling costs and GST)	-	45.61%	51.82%	56.24%	59.98%	-	-	-
Total Equity to Debt Ratio	26.57%	34.94%	30.75%	28.34%	26.57%	26.57%	-	-
Total Debt Interest Coverage Ratio	29.99	(0.12)	(0.11)	(0.22)	(0.11)	295.65	-	-
Total Debt Service Ratio	1.59	-	-	-	-	1.59	-	-
Net Cash Flow (after Interest)	2,827,066	(773,749)	(854,513)	(622,989)	(534,997)	13,216,147	9,197	-
Cumulative Cash Flow**	-	(8,386,778)	(9,240,291)	(9,863,280)	(10,398,278)	2,817,869	2,827,066	-
Check Balance	-	-	-	-	-	-	-	-
<b>Project IRR &amp; NPV</b>								
Cash Flow that includes financing costs but excludes interest and corp tax	-	(745,831)	(823,603)	(588,783)	(498,362)	13,254,883	(1,048)	-
Static Discount Rate (per ann. nominal)	14.00%	-	-	-	-	-	-	-
NPV for each Month	1,466,935	(577,852)	(630,749)	(445,714)	(372,914)	9,803,980	(766)	-
NPV of Future Cash Flows	-	10,036,426	10,908,050	11,868,522	12,602,640	13,253,847	(1,048)	-
Variable Discount Rate (per ann. nominal)	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
NPV (using weighted avg discount rate)	1,466,935	-	-	-	-	-	-	-

\* Includes half interest from deposit on land acquisition plus interest received from pre-sale deposits  
 \*\* Cumulative Cash Flow After Interest is revenue less costs (including interest on overdraft)  
 Estate Master Licensed to: Provent Property Group Pty Ltd

## APPENDIX 3

### SUMMARY OF PROPOSED TERMS OF THE LOAN

The funding structure and terms referred to below are indicative only. Provent may recommend that the funding structure be changed and this in turn may change the terms referred to below. No terms have yet been finalized. Investors will be informed of and agree to the terms of the loans as and when appropriate. Apart from loan funds required to settle the purchase of the Property, no other loans will be effected until Development Application approval is granted and the minimum pre-sales, required by the lender, have been made.

<b>Borrower:</b>	PVD NO. 20 PTY LTD ATF the 2-4 FOAMCREST AVENUE Unit Trust
<b>Purpose of Loans:</b>	To assist in the finance of the land purchase and development of luxury residential development consisting of 7 luxury apartments, total area of approximately 1050 m2, of saleable area.
<b>Land Purchase:</b>	<b>2 Foamcrest Avenue \$1.9 Million and 4 Foamcrest Avenue \$2.4m</b>
<b>Amount:</b>	\$4.3 million total.
<b>Term of Loan:</b>	20 months with capitalised interest only. It is planned that this loan will be in 2 parts, land and construction for the project.
<b>Drawdowns:</b>	1. Land Purchase \$4.3 million for 2 & 4 Foamcrest Avenue Newport, on or before 30th November 2018 (this may change subject to issue of DA approval)
<b>Construction Loan:-</b>	
<b>Amount:</b>	\$7.550 million including capitalised interest and finance costs. It is also anticipated that there will be a minor mezzanine component.
<b>Term of Loan:</b>	20 months (this may change subject to unit sales & construction time)
<b>Drawdowns:</b>	1. Land, Project & Bank Fees Estimated \$2.5 million, in November 2018 (this may change subject to issue of DA approval) Then various construction drawdowns over the following 15 months in accordance with the Cash Flow Projections (this may change subject to unit sales & construction time)  2. Construction and Other Project Costs Construction costs are approximately \$4,500,000 including contingency + GST. These are based on construction costs for comparable projects using a medium size construction company.  A construction contingency fee of 5.00% (approximately \$233,500 + GST) has been included  Monthly drawdowns in accordance with the Cash Flow Projections attached as Appendix 2. Drawdowns are to be made against evidence of work completed in a form and manner to be agreed with the lender and its preferred Quantity Surveyor.
<b>Repayments *:</b>	It is expected that net settlement of sales contracts of \$13,188,014 million (net sales revenue) will be within 4 months of completion of the project. (*Indicative, based on projected unit sales – refer to attached cash flow projections).
<b>Security:</b>	a) A first ranking real property registered mortgage over the Property including all improvements. b) A first ranking fixed and floating charge over the Borrower's assets and undertakings c) Several guarantee and indemnity limited to cost overruns from each investor and directors of appropriate entities d) Tripartite Deed/Builders Side Deed (if appropriate) e) Other securities the Lender deems appropriate

**NOTE:**

1. The Trustee of the Trust is a party to the loans for the purpose only of providing the Property and as security for the loans. The Trustee is not responsible for the repayment of the loans.

2. The shareholders and directors of the Trustee and Provent will not provide guarantees of the obligations under the loans except in so far as such company, shareholder or director is the holder of a unit in the Trust.

## APPENDIX 4

---

12 September 2017

Martin Cork  
Provent Property Group  
Newport NSW 2106

Dear Martin

Re 2-4 Foamcrest Ave Newport

Please find following two price list based on the early design schemes by Richard Cole which I believe maximize revenue for the site and its full potential. Obviously, these prices are based on current market and I believe that with the correct finishes and external look and feel that above target is possible

		Feasibility		Target list	
1	130	\$1,800,000	\$13,846	\$2,050,000	\$15,769
2	135	\$1,800,000	\$13,333	\$2,050,000	\$15,185
3	137	\$1,900,000	\$13,869	\$2,150,000	\$15,693
4	159	\$2,100,000	\$13,208	\$2,350,000	\$14,780
5	182	\$2,400,000	\$13,187	\$2,600,000	\$14,286
6	151	\$2,300,000	\$15,232	\$2,500,000	\$16,556
7	160	\$2,400,000	\$15,000	\$2,550,000	\$15,938
	1054	\$14,700,000	\$13,947	\$16,250,000	\$15,417

Please do not hesitate to call me if I can be of further assistance

Regards

Peter Grant  
Domain

domain residential  
Newport  
Collaroy  
Warriewood  
Phone 02 9999 0005  
Fax 02 9999 0006  
abn 50156422767  
domainresidential.com.au

The logo for Domain, featuring the word "domain" in a white, lowercase, sans-serif font, set against a solid magenta square background.

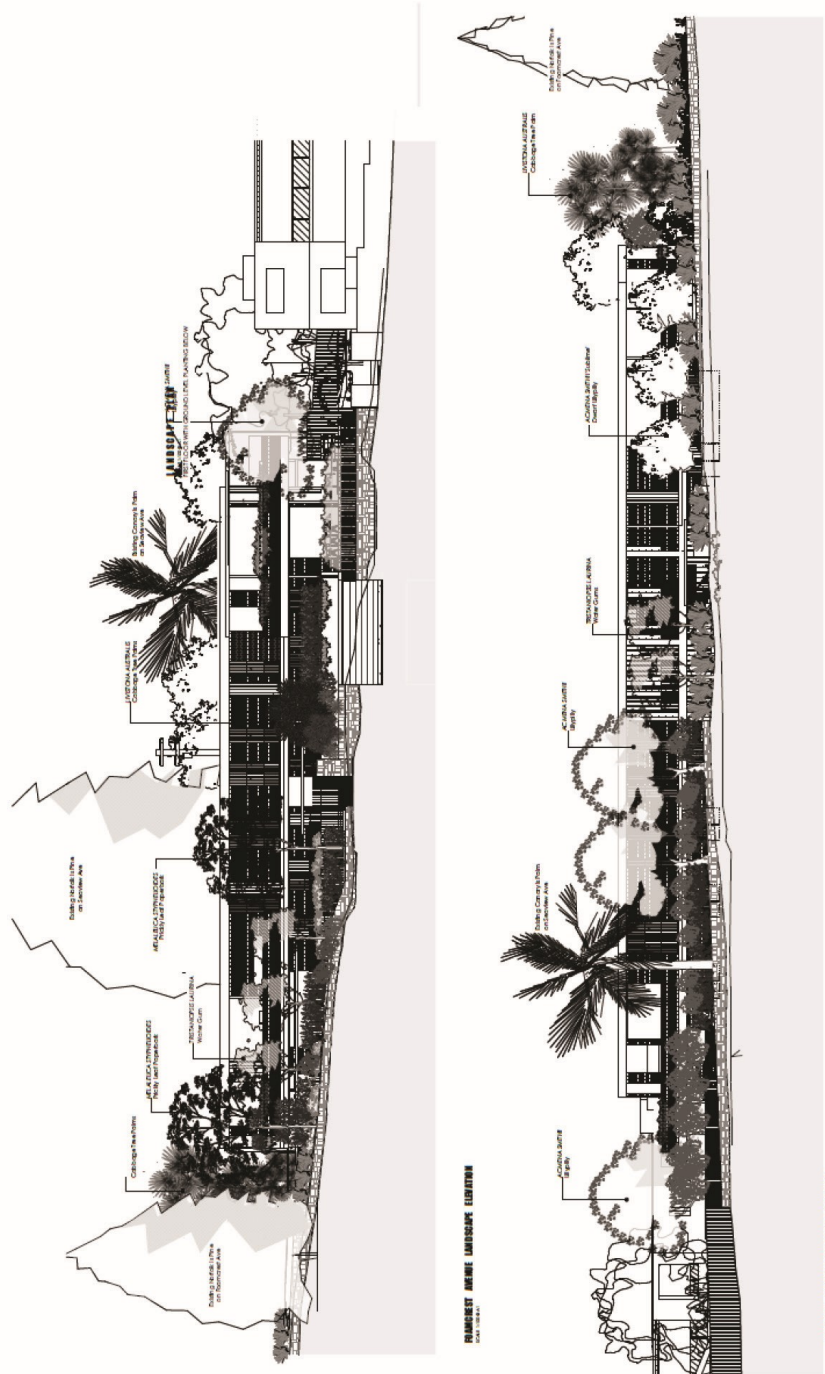


## APPENDIX 5











Plan - Precinct  
1:600

Precinct Plan	
Project number	000
Date	15/05/2019
Drawn by	AJA
Checked by	
Scale	1:100
Drawn	AJT

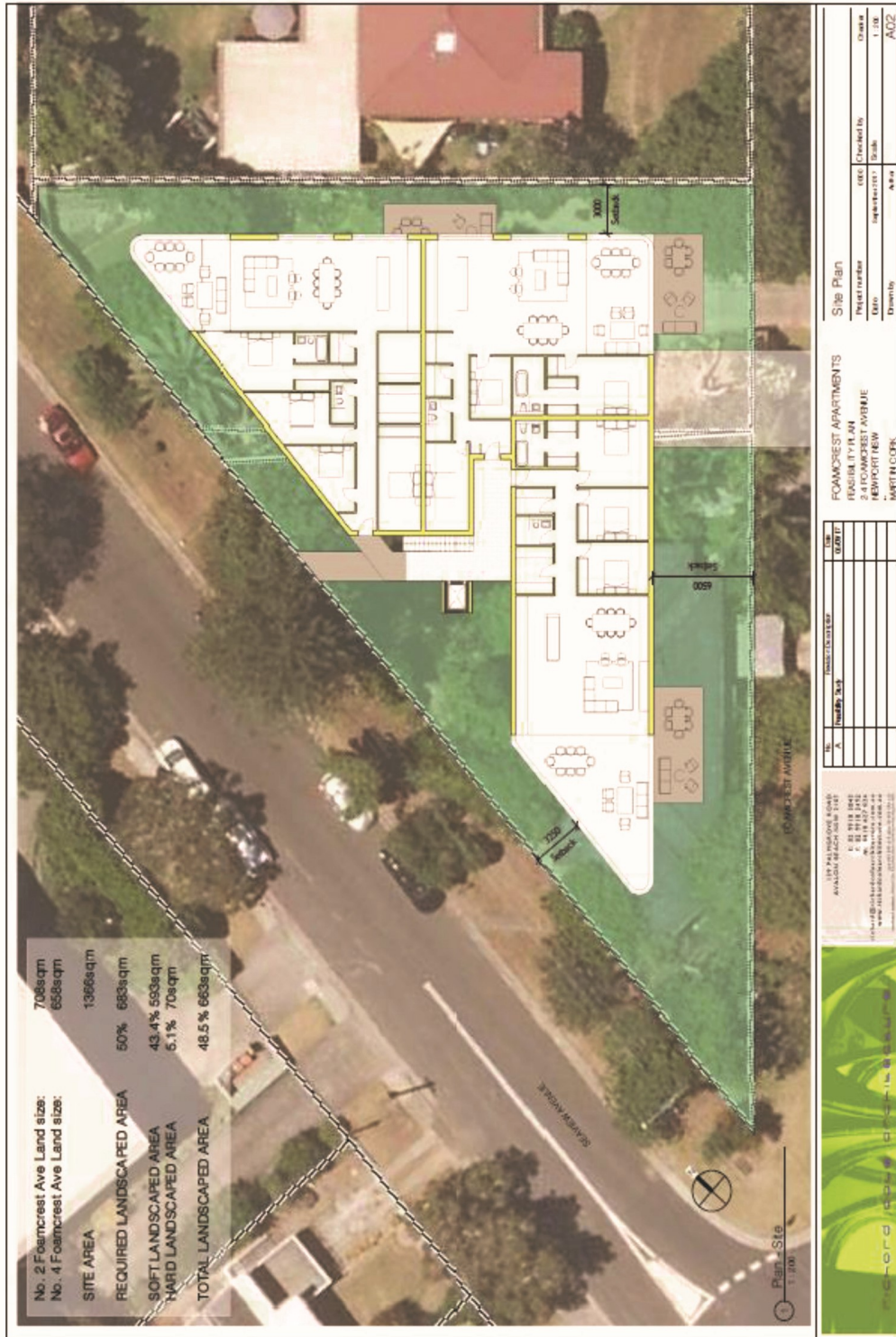
**FOAMCREST APARTMENTS**  
 RASBURY INN  
 2-4 FOAMCREST AVENUE  
 NEWPORT NSW  
 MARTIN COOK

NO.	DESCRIPTION	DATE
1	ISSUED FOR PERMIT	
2		
3		
4		
5		
6		
7		
8		
9		
10		

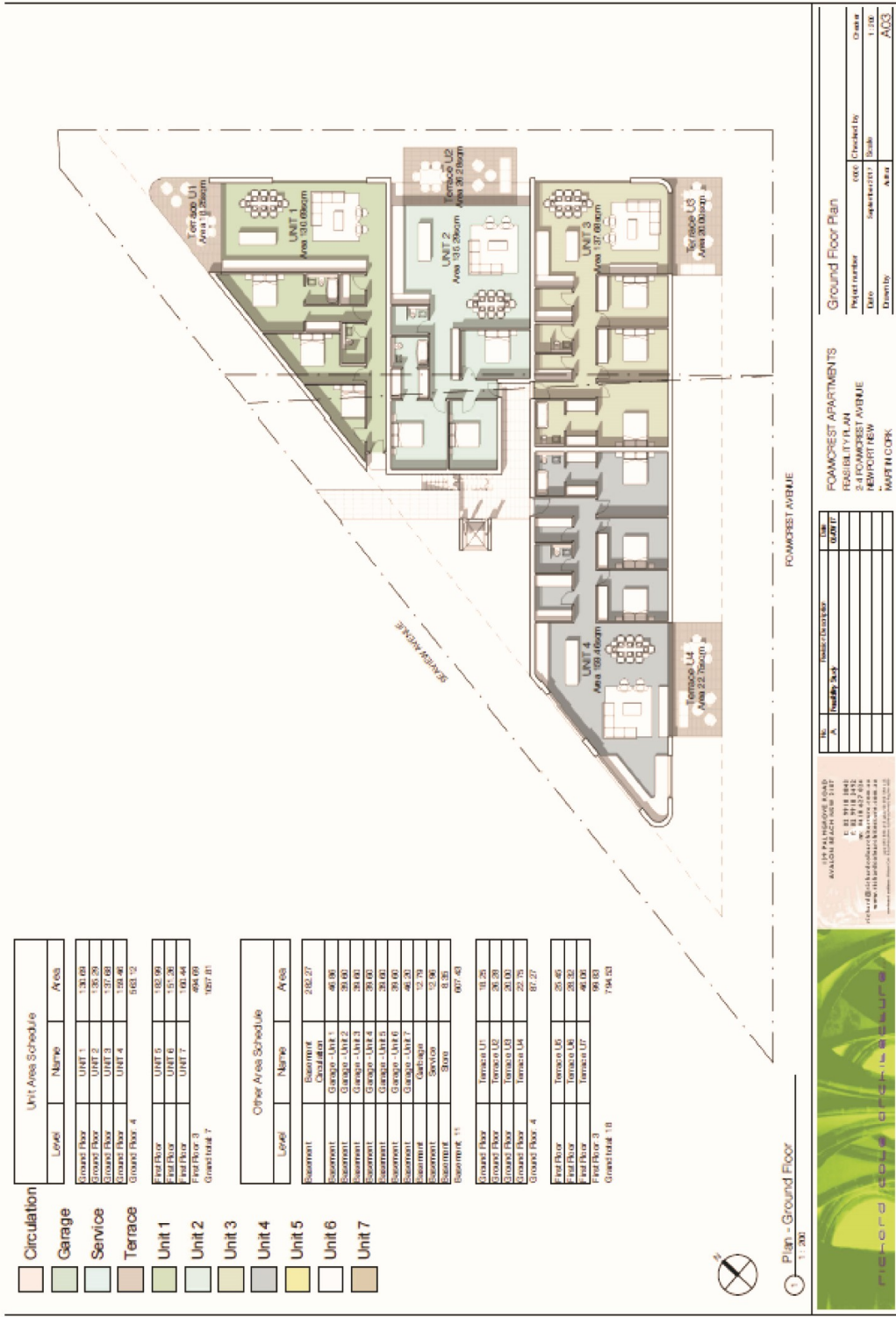
FOR INFORMATION ONLY  
 AVAILABLE FOR REVIEW FROM  
 10:00 AM TO 4:00 PM  
 MONDAY TO FRIDAY  
 100 WILSON AVENUE  
 SYDNEY NSW 2000  
 WWW.DGINSTITUTE.COM.AU



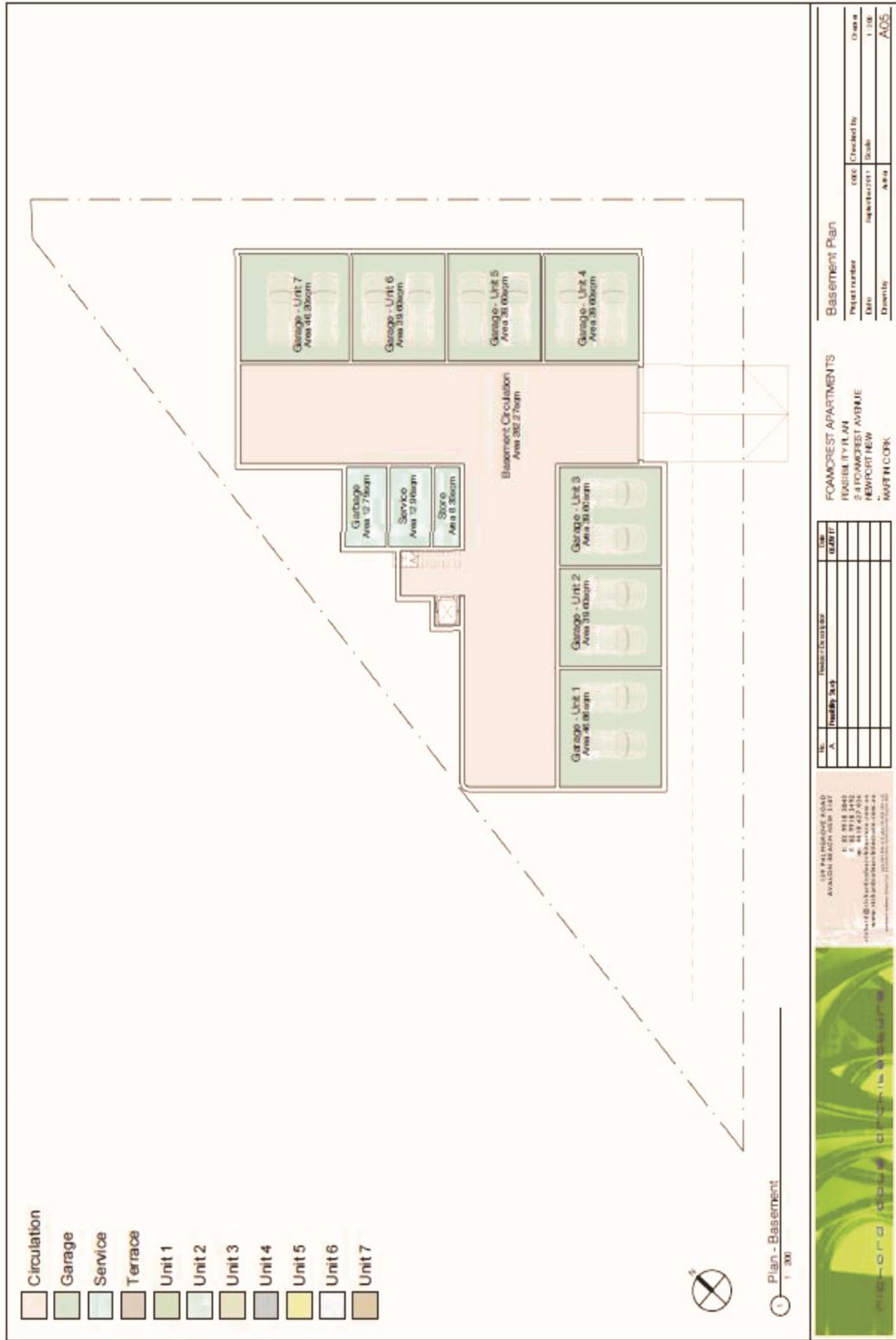












<p>15. <b>UNIT 1</b></p> <p>16. <b>UNIT 2</b></p> <p>17. <b>UNIT 3</b></p> <p>18. <b>UNIT 4</b></p> <p>19. <b>UNIT 5</b></p> <p>20. <b>UNIT 6</b></p> <p>21. <b>UNIT 7</b></p>		<p><b>FOAMREST APARTMENTS</b></p> <p>FOAMREST APARTMENTS</p> <p>24 FOAMREST AVENUE</p> <p>HEMPHIST NEW</p> <p>MARTIN COOK</p>		<p><b>Basement Plan</b></p> <p>Project number: 006</p> <p>Date: 15/05/19</p> <p>Scale: 1:300</p> <p>Drawn by: AGS</p>	
--	--	---	--	---	--