



Investor Update:

11 November 2014

HCAP to launch its sixth single asset property trust - Pymble Single Asset Trust - targeting a 25% net return to investors.

In the coming weeks HCAP will launch its sixth single asset property trust, called **Pymble Single Asset Trust ("Pymble SAT")**, where the risk and return is linked directly to a single boutique residential development in Pymble, on Sydney's North Shore. The Pymble SAT will be launched upon DA approval for the development, which is expected within the next few weeks.

HCAP's Single Asset Trusts **provide mezzanine funding** to approved residential development projects, targeting superior risk adjusted returns for its investors.

The Pymble SAT allows wholesale investors access to development returns, which is typically only available to developers and their partners. HCAP's investor base is largely made up of family offices, HNW and experienced investors - looking to access development returns without necessarily being directly involved in the day to day detail.

HCAP is looking to **raise up to \$4 million dollars** from wholesale investors for the Pymble development, to be funded in two parts – 5% up front and the balance in March 2015.

HCAP Asset Management is the trustee to the Pymble SAT, a fully licensed and regulated trustee and custodian by the Australian Securities and Investment Commission (AFSL No 332100).



A special purpose trust is established for each residential development project that HCAP supports. This ensures that risk and return are linked directly to a single development. On completion of each project the respective single asset trust distributes according to the Information Memorandum, providing investors with a clear and defined liquidity event.

Steve Howell said *“HCAP’s Single Asset Trusts are somewhat unique in the world of Australian property funds. The vast majority of property funds in the market place are open ended funds or trusts that are exposed to multiple projects, encompassing multiple risks and providing investors with limited transparency and liquidity. HCAP’s approach is at the other end of the spectrum by providing exposure to a single project, a defined and easy to understand target liquidity date and, importantly, superior target returns.”*

HCAP is proud of its track record of delivering super returns to investors through its Single Asset Trusts.

	Trust name	Project location	Target return	Return distributed
1	Kangaroo Point Unit Trust	1 km from Brisbane CBD	20%	25%
2	Kelvin Grove Property Unit Trust	2 km from Brisbane CBD	20%	25%
3	New Farm Trust	1 km from Brisbane CBD	20%	28%
4	Lane Cove Single Asset Trust	9 km from Sydney CBD	25%	Launched in April 2014
5	South Brisbane Single Asset Trust	0.6 km from Brisbane CBD	25%	Launched in August 2014
6	Pymble Single Asset Trust	16 km from Sydney CBD	25%	To be launched in Nov 2014

HCAP’s management, or related entities, invests alongside external investors.

The average investment horizon for each trust is approximately 18 months.

The minimum subscription to Pymble SAT is \$100,000. All five previously launched Single Asset Trusts closed oversubscribed and HCAP confirms that it has received strong investor enquiry for upcoming Single Asset Trust launches.



The Pymble SAT looks to deliver investors a return of 25% net of costs and fees over a target 19 month construction period, or a **16 % annualised simple interest return**. Importantly, target returns will increase if the project takes longer to complete. By way of example, if the project takes 2 years to complete, the total target return for the Pymble SAT investors is 32% (2 years X 16%).

Importantly on the risk front, Pymble SAT investors have **priority access to returns** from the project, ahead of ordinary equity investors in the project.

Investor option to redeem from Pymble SAT:

HCAP provides Pymble SAT investors with unparalleled investor transparency and protection:

If apartment pre-sales do not exceed the peak projected bank debt within 6 months of allocation of units to investors, Pymble SAT investors can elect to redeem their investment, plus accrued interest, without penalty. This is underwritten by HCAP.

About the Pymble Development

The Pymble SAT will provide **mezzanine funding** to a \$70 million boutique residential development in Pymble, consisting of 79 apartments providing for one, two and three-bedroom apartments, all with car spaces. An overall programme of 19 months is targeted.

The apartments are architecturally designed with high end specifications and strategically located in the thriving leafy suburb of Pymble - 16km from Sydney CBD; 150 meters to Pymble railway station; near schools and a wide range of local amenities. Importantly the project offers uninterrupted views to the city, which will ensure that investor demand for apartment sales is strong.



Apartment Pre Sales

Apartment sales for the Pymble project is targeted to commence in January 2015, although prospective buyers can register their advanced interest with HCAP to participate in the VIP launch.

Steve Howell said *"There has already been strong advanced enquiry by property buyers to secure VIP access to the off the plan launch, particularly given the development's superior location and the boutique high end finish."*

End.

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