

Bathers Collaroy Single Asset Trust - Term Sheet

Bathers Collaroy Single Asset Trust ("Bathers Collaroy SAT") - underwritten by HCAP Asset Management

HCAP offers wholesale investors access to "single asset property trusts", referred to as "Single Asset Trusts" - where the risk and return is linked directly to a single property development. Bathers Collaroy SAT supports a new residential development in Collaroy NSW, called Bathers Collaroy. Bathers Collaroy SAT targets a 13% annualised return. Importantly, the target total returns will adjust according to the time invested. By way of example, if the actual investment term ends up being 24 months, which is longer than currently anticipated, the total target return would be 26% (rewarding investors for being invested for a longer time period).

Target Return: **13% p.a. net of fees** (1.083% per month)

Key Investment Points: **High yield – Short dated – Single project – Defined liquidity date**

Trust Status: **Closed to new subscriptions**

Project

The project, Bathers Collaroy, which the Bathers Collaroy SAT is supporting, is a luxury apartment complex containing 34 apartments and 4 retail lots, located on a 2,570 square metre site in suburb of Collaroy and just 50 metres from Collaroy Beach. The development consists of large sized 2 bedroom, 3 bedroom and penthouse apartments, each with basement car parking. An overall programme of 18 months is targeted. The development offers well-appointed apartments, strategically located at Collaroy Beach and near local amenities and transport.

Trustee

HCAP Asset Management ("HCAP") is the trustee for the Bathers Collaroy SAT. HCAP is a performance driven and active investment manager with deep skills in credit; rates; securities; property and commodity investments. HCAP is fully licensed and regulated by the Australian Securities and Investment Commission (AFSL No 332100).

Project Sales and Marketing

Upstate Project Marketing (Upstate) has been appointed as the sales agent for the Project, bringing extensive knowledge of the Northern Beaches property market and a strong track record of sales success. Marketing consists of extensive site hoarding, project website, high-spec printed brochures and floorplans, materials boards, digital assets, support material for the sales agents, agent flip book, direct letterbox drops, print advertisement, project pages on REA and Domain, social network campaign, and a series of lead generating electronic direct mail (eDM). Importantly, a display suite and sales office has been built only 50 metres from the site of Bathers Collaroy, at 1123 Pittwater Rd in Collaroy. The suite is open for inspection by appointment.

Bathers Collaroy SAT and Project Information

| | |
|----------------------------|----------------------------|
| Domicile: | Australia |
| Investment Type: | Unit Trust |
| Unit Class: | ORD |
| Net Annual Target Return: | 13.0% p.a. |
| Investor Type: | Wholesale Only |
| Minimum Investment: | AUD 100,000 |
| Investment Money Required: | 31 March 2023 |
| Target Distribution: | Project Completion |
| Developer: | HCAP Developments |
| Architect: | Gartner Trovato Architects |
| Interior Designer: | Coco Republic |
| Marketing: | Made Agency |
| Sales: | Upstate Projects |

Trustee

HCAP Asset Management (ACN 133 454 896 | AFSL 332100)
 Chief Executive Officer: Steve Howell
 Tel: +61 2 8274 4304 | Fax: +61 2 8274 4301
 Email: info@hcap.com.au | Website: www.hcap.com.au



Disclaimer

The information contained in this document is for information purposes only, is subject to change and is not to be relied on as a recommendation or forecast by the trust, trustee or any related party. Past performance is not necessarily indicative of future performance. Under no circumstances will the trustee, its officers or its affiliates be liable for any loss including, but not limited to direct, indirect, incidental, special or consequential damages caused by using the information. Nothing in this document should be construed as either an offer to buy or sell investments in any jurisdiction. Investment considerations, risks and potential conflicts are outlined in the relevant Information Memorandum. Potential investors must seek their own independent financial, tax and legal advice before investing. HCAP may pay part or all its management fees to third parties without limitation.

HCAP Single Asset Trust ("SAT") – a single asset property trust targeting high return to investors

HCAP Asset Management ("HCAP"), the trustee to the Bathers Collaroy SAT, is a regulated and ASIC accredited Investment Manager, Trustee and Custodian.

HCAP at times assists wholesale and professional investors to invest in the equity of a particular residential project, alongside the developer. The investment is by way of subscription to a single purpose unit trust (HCAP Single Asset Trust), targeting high rate of returns.

For each development project that HCAP supports a new single purpose unit trust, called a Single Asset Trust, is established. This ensures that risk and target return is linked directly to a single residential development and not to other projects and external influences.

On completion of each residential development project the respective HCAP Single Asset Trust distributes according to its Information Memorandum, providing investors with a clear and defined liquidity event. Investors know in advance when they get access to their money and target return. Importantly, all HCAP Single Asset Trusts to date have performed in line or above expectations (see table below).

HCAP Single Asset Trusts are somewhat unique in the world of Australian property and development funds. The vast majority of property funds in the market place are "open ended" funds, that invest in multiple projects, risks and provide investors with limited transparency and, importantly, liquidity. HCAP provides simplicity in approach, a defined and easy to understand target liquidity date and superior target returns.

HCAP is proud of its track record of delivering super returns to investors. HCAP's clients have achieved significant net returns on principal investments in each Single Asset Trust launched and distributed to date. The trusts returned principal and income, on average, within 18 months from launch.

HCAP Single Asset Trusts - track record

| | Trust name | Development 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% | 31% |
| 5 | South Brisbane Single Asset Trust | 0.6 km from Brisbane CBD | 25% | 29% |
| 6 | Pymble Single Asset Trust | 16 km from Sydney CBD | 25% | 44% |
| 7 | Newstead Single Asset Trust | 3 km from Brisbane CBD | 32% | 39% |
| 8 | Redbank Single Asset Trust | 22 km from Brisbane CBD | 14% | 20% |
| 9 | Surfers Paradise Single Asset Trust | 0.8 km from Surfers Paradise CBD | 14% | 18% |
| 10 | Balmoral Single Asset Trust | 8 km from Sydney CBD | 14% | 20% |
| 11 | Coogee Single Asset Trust | 7 km from Sydney CBD | 14% | 31% |

Security considerations for Bathers Collaroy SAT investors

- 1 Sufficient unconditional presales secured to progress to a construction finance application that is supportive of the Project's incumbent banker, Commonwealth Bank of Australia.
- 2 Bathers Collaroy SAT investors can elect to redeem their investment, plus accrued interest, without penalty, if construction is not underway within 6 months of unit allotment. This is underwritten by HCAP Asset Management.
- 3 Development equity is invested to an amount of no less than \$10 million into the Head Development Trust.
- 4 Bathers Collaroy SAT investors receive investment returns before development equity and development profit.
- 5 Bathers Collaroy SAT investors receive priority access to investment returns before Administration, Management and Performance Fees are paid.
- 6 Directors Steve Howell, Pierce Howell and related entities have a financial interest in the success of the development, aligning interests with investors.

Important Notice: Please register your interest to receive the Information Memorandum.

Disclaimer

The information contained in this document is for information purposes only, is subject to change and is not to be relied on as a recommendation or forecast by the trust, trustee or any related party. Past performance is not necessarily indicative of future performance. Under no circumstances will the trustee, its officers or its affiliates be liable for any loss including, but not limited to direct, indirect, incidental, special or consequential damages caused by using the information. Nothing in this document should be construed as either an offer to buy or sell investments in any jurisdiction. Investment considerations, risks and potential conflicts are outlined in the relevant Information Memorandum. Potential investors must seek their own independent financial, tax and legal advice before investing. HCAP may pay part or all its management fees to third parties without limitation.

