MONARK

Realising the remarkable

Monark High Yield Debt Fund – Series 2 Quarterly Investor Update

31 December 2024

Confidential

Please Note

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QUARTERLY INVESTOR UPDATE

Dear Investor

Welcome to the sixth quarterly update for the Monark High Yield Debt Fund (the Fund, Series 2).

Executive summary

The Fund's portfolio is now fully established and continues to perform strongly, providing investors with an Internal Rate of Return - from inception to reporting date - of 14.9% per annum.

During the quarter, the Fund made its first distribution of 9 cents per unit, following the selldown of the Rockpool Rainbow Bay facility.

As a reminder, the Fund is "self-liquidating" which means it does not reinvest repaid facilities but distributes the proceeds to investors.

In the *Investment Environment* section of this update, we explore the current narrative underpinning the behaviour and valuations of today's investment markets. We believe that understanding the narrative, and especially what could cause it to change, is critical to protect the gains of the last couple of years. That we live in "interesting times" is an understatement.

Finally, the continued success of both Series 1 and Series 2 – and full deployment of Series 2 – saw the launch of Series 3 on 15 November 2024. We set a $40m capital target for the fund. In a recent article in the AFR (9 January) we explained that a "modest fund size removes pressure on management to deploy funds, allows for a tight deployment period, and enables us to back those developers where we have high confidence in both the project and their ability to deliver". We were delighted by the level of investor interest and closed the fund at a slightly higher amount of $45m.

We are now recording expressions of interest for Series 4, pencilled in for a June 2025 launch. All investors in the High Yield Debt Fund series will receive an invitation to invest, together with a guaranteed allocation. However, if you would like to receive an allocation materially higher than your current investment, please let us know so that we can look to set this aside for you.

We hope you enjoy reading this report and continue to remain engaged with the progress of your investment in the Fund.

Investment environment

Behind every price there's a mood. And behind every mood there's a narrative.

The narrative is the story. The common belief at any given time. It's the story we tell ourselves. It's the story we believe, and what we believe others believe. Simply, it is group reality.

As an investor we can choose to adopt one of two mindsets. We can be part of the narrative. Or we can observe the narrative. The former is a passionate player. The latter, a dispassionate watcher.

We believe that at times like these, it is most important to avoid being sucked into today's zeitgeist and maintain an objective countenance. There are times when being part of the herd works. Cliché's like "don't fight the Fed", and "the trend is your friend" have endured because they have provided positive outcomes over many periods. But they fail at major pivot points, which we believe we are now at, or soon will be. We'll support this observation throughout this note.

Let's start with a closer look at today's narrative. The common set of beliefs that have enabled many assets and markets to reach all-time highs – both in terms of pricing (indices) and what investors are prepared to pay (valuations).

Today's narrative

Today's narrative revolves around three key themes:

1. We are in an interest rate cutting cycle and lower rates mean stronger consumers, higher profits, more liquidity, greater corporate activity, and higher valuations.
2. We are on the cusp of a giant leap in technology (Artificial Intelligence and quantum computing) which means new products, greater productivity, improved margins, higher profits.
3. The election of Donald Trump portends a business-friendly era of lower corporate taxes, less red tape, labour flexibility, lower energy prices, and higher profits. A boost to the already acknowledged "American Exceptionalism".

Points one and two have been energising investors for a couple of years. Point three is more recent, but has provided new impetus and momentum, the "Trump Bump".

Like any narrative, part of it is objectively true. Part of it is somewhat optimistic. And some of it completely ignores the facts and historical experience.

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The fascinating thing about a narrative, and what investors need to be on a sharp lookout for, is change. The objective watcher understands the narrative and is acutely aware of what factors can cause it to change. They dig for coal – but keep a keen eye on the canary.

So, what factors could change the narrative and upset the bullish applecart?

Here are a few which should demand attention. But the list is not complete.

What could change the inflation narrative?

Whilst proving sticky in some areas and in some economies, the consensus belief (the narrative) is that inflation is on the verge of being defeated and interest rates are destined to move down over the next few years.

But…

The Commodity Research Bureau (CRB) Index measures the aggregated price direction of various commodity sectors: oil and gas, metals, agricultural produce, lumber, livestock etc. Commodities are consumed in the production of every product. As they impact early on in the value chain, end-product price moves aren't apparent until later. The CRB Index (i.e. the prices of the commodities making up the index) has risen by 21% in the last 12 months, *with most of the increase taking place in the last quarter of 2024*.

In fact, the CRB Index is at a 17 year high.

Will commodity prices retrace? Or will these increases find their way into the CPI (the Consumer Price Index)?

[Note to coffee lovers. Coffee has gone up 75% in the last 12 months. If you haven't seen an increase in your favourite brew, brace yourself].

The most recent (December) US inflation figures came out in mid-January. The narrative tells us that inflation is falling, and rate cuts are imminent. Pencilled in for March in the US.

But…

Here are the last four US headline inflation numbers: September 2.4%, October 2.6%, November 2.7%, and December 2.9%.

Clearly moving in the wrong direction. And we're almost a full percentage point away from the target of 2% per annum.

But narratives don't change easily. Investors cling hard to their beliefs. For example, the most recent disappointing headline number of 2.9% (released in mid-January) was "protected" by the "Core CPI" number. The expectation was for the Core to go up by 0.3% for the month of December. Instead, it went up by 0.2%. The year-on-year was 3.2% whilst expectations were for 3.3%.

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So, “Core” was better than expected. “Headline” worse than expected. Narrative safe. For now. Dow up 700 points on the day these numbers were released. However, should the January and perhaps February numbers disappoint, the narrative *will be tested*. The bond market is already showing some signs of discomfort with the US ten-year yield up *a full percent* to 4.6% in just over four months.

[Side note: If you scratched below the surface, you would have found a significant outlier in the Core calculation. Medical services costs went *down*. This is rare and likely to make the typical upward contribution in future months. Used car prices too contributed to a lower Core. But these prices are volatile and regularly move up and down.]

Looking briefly at Japan. Inflation now 3.6%. Japanese government bonds trading at 1.2%. Another narrative looking to reset.

What could change the technology narrative?

In a recent note to clients, legendary fund manager and commentator Howard Marks observes, “bubbles are invariably associated with new developments… History can serve as a tether, keeping a favoured group grounded on terra firma. But if there’s something new, meaning there is no history, then there’s nothing to temper enthusiasm”.

The beauty with the crypto narrative, the Artificial Intelligence (AI) narrative, and indeed all emerging technologies that could literally change our future is that there is, as yet, little or no basis to establish their fundamental value. They have no multi-business cycle history. The narrative is driven by “blue sky” thinking.

There are already worried frowns around the commerciality of AI. A huge amount of investment has been made to date with little to show for it.

Crypto has been given a bump thanks to Donald Trump’s messaging around using Bitcoin as a US reserve asset. Was this an election ploy to secure the votes of the crypto community? Or a genuine levitation of a token that has primarily been used for speculation and a means of settling illegal transactions? Will BTC’s value withstand the next bear market? Let’s recall that it experienced a *72% loss* of value during the last market wobble which started in late 2021.

An important part of the crypto narrative is scarcity. That limited supply (we all know by now that BTC is restricted to 21 million “coins”), underpins value and protects against the endless abuse of fiat currency via ongoing “money printing”. The problem, it seems, *is that there is an infinite amount of finite cryptos*. Witness the newly minted Trump$, with a (fully diluted) market cap of ~$27B, at the time of writing.

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As regards the giant technology stocks driving financial markets, Marks says, “The disrupters can be disrupted, whether by skilful competitors or even newer technologies”. That’s the whole power behind free market capitalism. It even has a name, “creative destruction”, described by Joseph Schumpeter, who explained that new ideas, technologies, and business models disrupt older ones, driving progress and economic growth. It is important to remember today’s disrupter is tomorrow’s ex-growth laggard. Very few, if any, firms maintain top line growth and bottom-line margin over time. Think back to the Nifty Fifty.

Building on Marks’ warning that high margins are seldom durable, US fund manager and influential commentator, John Hussman, explains that “new eras provide durable benefits to consumers, not durably extreme profitability.”

Like the Force, the technology narrative is strong. But there is much that can go wrong, and should this happen, the narrative will adjust.

What could change the “American Exceptionalism” narrative?

The words “American Exceptionalism” appear in more and more investment commentary. This narrative is so strong that US market capitalisation is now circa 70% of the MSCI (the global equity market index), even though US GDP is a far lower at around 25%. Investors are happy to pay a much higher price for each dollar of US activity. The world holds the US in awe.

But there are some serious issues that could easily impact the narrative.

First, let’s look back. Is this label deserved in the first place? A more sober assessment would be less effusive.

Again, from John Hussman, “Amid the untethered enthusiasm about Artificial Intelligence, and prospects for deregulation and lower corporate taxes, it is worth repeating that despite all the society-changing innovations of the past 20-30 years, both [US] GDP and S&P 500 Index revenues have grown at an average rate of only about 4.5% annually. That’s slower, not faster, than the growth rate during the preceding half-century.”

In other words, today is not exceptional. Or, looking at it another way, the US was more exceptional last century when market pricing was more modest.

Of all the trip wires in place to remove the word “exceptional”, the quantum and growth of US debt is probably the most likely to be activated. Its growth is simply not sustainable.

Just look at the numbers:

Total US federal debt at the time of writing is $36T. Total debt at the turn of the century (1 Jan 2001) was $5.8T. It took the US 225 years and 43 presidents to accumulate ~$6T.

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It took the US 24 years and 3 presidents to accumulate a further $30T.

All dials are flashing red – fiscal deficit as a percentage of GDP, total debt as a percentage of GDP, debt servicing costs as a percentage of tax receipts, etc.

The narrative suggests that this is not an issue. And that the arrival of Donald Trump brings a team that will boost productivity and economic growth. The “DOGE” team will find trillions of dollars of savings, thus bringing the country back from the fiscal brink.

But…

We have seen again and again; the bureaucracy is not for bending (with apologies to Margaret Thatcher). That much of US government expenditure is for (non-negotiable) entitlements and costs that cannot easily be reduced, for example social security, healthcare, defence, and debt servicing.

A recent article in the Australian Financial Review (24 January) discussed the difficulty of the presidency making material changes:

Trump's White House

Trump’s rude discovery: It’s hard to be a dictator in the US

We also appreciate that, such has been the extensive role government expenditure has played in US economic activity (we covered this in our last update), that any material saving may very well move the country into recession. The US government is the US’s biggest customer.

American Exceptionalism is not a given. Should the US disappoint, the narrative will change.

What does all this mean for Monark investors?

When the narrative is as powerful and influential as today’s we need to appreciate that a negative revision can have serious consequences.

A narrative built on objective fundamentals is generally sustainable. A narrative built on selective data, new-age optimism, and hyped politics, is generally not.

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Our work at Monark is not based on a narrative.

The chatter, the consensus, today's constructed reality, provides little value for what we do. Whilst one can hold a general view on the future of the Australian property market, interest rates, construction costs, or our next government, it is the specific circumstances and unique characteristics of each opportunity we assess that plays the greatest part in a successful outcome for our investors.

The due diligence and structuring that takes place to produce the facilities into which the Fund invests is a technical and sober process. The risks we consider can be understood and assessed through the analysis of current data, not on future expectations. We don't need interest rates to drop, nor property prices to increase, to secure a successful outcome. Our office walls are not decked with monitors tracking security prices and news' alerts.

This does not mean we ignore the investment environment. It means we observe the narrative and consider what it *could* mean for both Monark and its investors. We are watchers. Not participants. And we strongly believe that this composure, this unhurried, thoughtful way of doing business is important at all times. But even more so when the narrative excites, and the animal spirits run hard.

Fund notes

The Fund's portfolio is now fully established and continues to perform strongly, providing investors with an Internal Rate of Return of 14.9% per annum.

As at 31 December 2024, the Fund has a value of $38.3 million, $34.6 million of this is investor capital and $3.7 million accrued interest. The unit value is $1.017.

During the quarter, the Fund made its first distribution of 9 cents per unit, following the selldown of the Rockpool Rainbow Bay facility. This is an example of the proactive approach we take to managing the Fund's portfolio. The Rockpool project was considerably derisked whilst held by the Fund providing us with the opportunity to selldown the facility at a rate lower that that at which the Fund invested. The margin between the initial and selldown rates is accretive to the Fund and contributes to achieving the targeted return.

The Fund holds one facility (Whitehorse Road, Deepdene) which has been affected by the failure of APH Holding, a major developer now in administration. Our facility is not part of the APH group but is made to a trust controlled by its owner. The security is in the form of a premium development site, it is ringfenced, there are no cross-guarantees, and it is not subject to the appointment of administrators.

We are currently considering several options which include partnering with an experienced developer to commence construction, or a sale of the facility's security. We will keep you informed as we make progress.

Looking ahead

The strategy behind the High Yield Debt Fund Series continues to deliver exceptional risk-adjusted returns for investors.

Series 1 is now well into its mature phase, with 75.61 cents per unit returned to investors.

Series 2 continues to perform strongly and made its first distribution of 9 cents per unit in November 2024.

Series 3 experienced a successful launch on 15 November 2024. As at 31 December, 36 cents per unit had been called and deployed.

As described in the *Investment Environment* comments earlier, the environment is dominated by three powerful and complementary narratives. It would be arrogant to call time. But it would be unwise to assume, with all the factors described that now challenge the narrative and which can lead to a profound reset, that financial markets can be described as anything other than “fragile”.

We believe that our niche, private debt secured against Australian real estate, *originated and managed by considered and experienced management*, will continue to prove profitable and constructive for investors.

Why so? Principally because successful outcomes depend on objective fundamentals. Not the narrative of the day.

Finally, with regards to future distributions, we expect to make a smallish distribution of approximately 1.5 cents per share during the quarter. This due to the anticipated repayment of the Fund’s investment in Lakeside Estate, Greenvale.

We take the responsibility of managing your investment with us seriously and thank you for partnering with us.

Key Metrics

$37.7M

Capital called

$3.4M

Fund distributions

Of the $37.7M invested, $3.4M (9 cents per unit) has been repaid to 31 December 2024. This includes capital of $3.1M (8 cents per unit) and $0.3M (1 cent per unit) of income.

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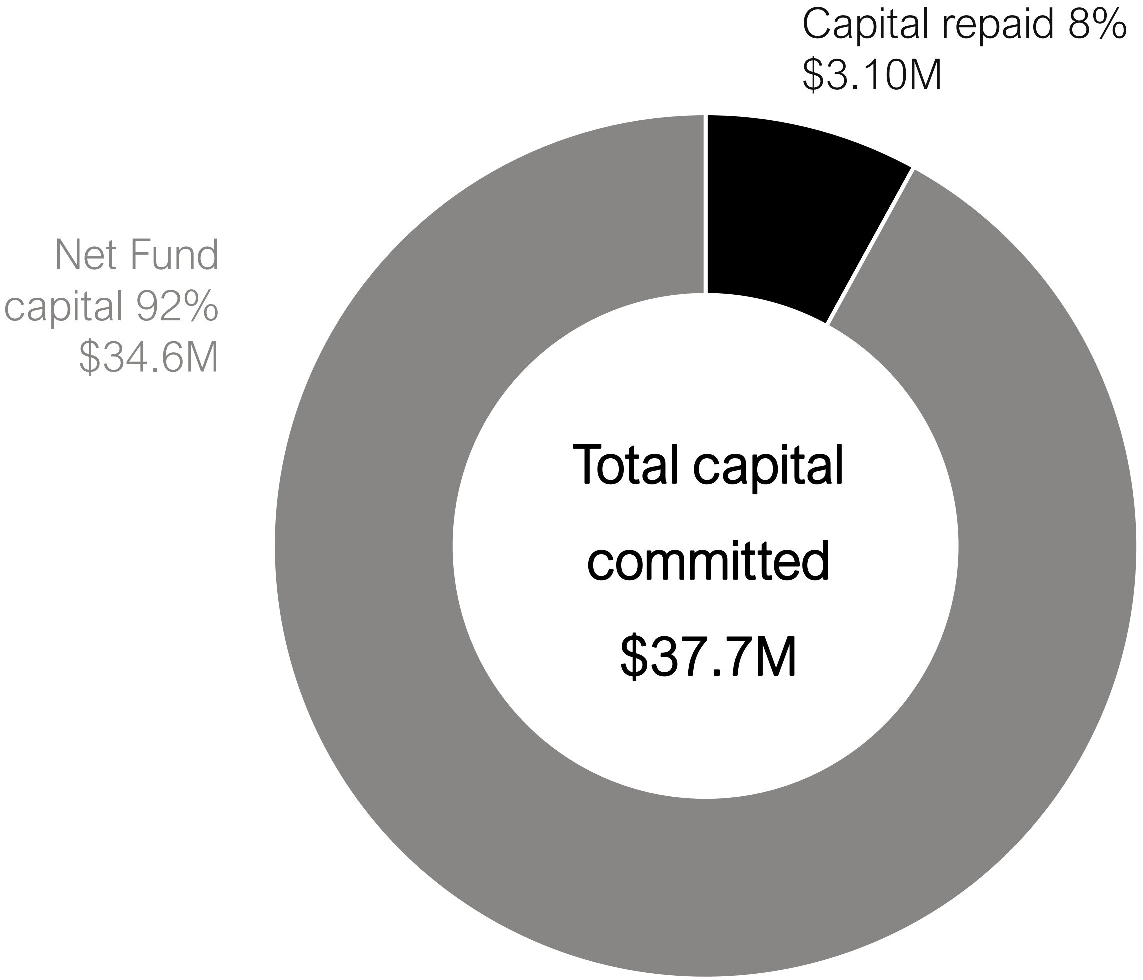
Number of portfolio investments

14.9%

Annual Fund IRR (net of fees and costs) from inception, 1 August 2023 to reporting date, 31 December 2024

Fund Capital

	Fund	Per unit
Total capital committed	$37.7M	$1.00
Capital movements		
Net Fund capital – 1 October 2024	$37.7M	100c
Capital called during current quarter	-	-
Capital repaid during current quarter	$3.1M	8c
Net Fund capital – 31 December 2024	$34.6M	92c
Capital not yet called	-	-



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Fund Performance

The Fund’s net IRR from Inception to Reporting Date is 14.9%.

	Fund	Per unit
Capital called	$37.7M	100c
Capital repaid	$3.1M	8c
Net Fund capital	**$34.6M**	**92c**
Net income distributed	$0.3M	1c
Net income accrued	$3.7M	10c
Total net income since inception	**$4.0M**	**11c**
Annual Fund IRR from inception (1 August 2023) to 31 December 2024 [1]	**14.9%**	

1 The Fund’s final IRR will be determined after the repayment of all transactions in its portfolio.

Detailed Investor Cashflows

Capital called

Date	Cents per unit
1 August 2023	12c
19 December 2023	15c
24 January 2024	15c
14 June 2024	19c
2 August 2024	39c
Total capital called	**$1.00**

Fund distributions

Date	Cents per unit
8 November 2024	9.00c
Total distributions paid*	**9.00c**

*Investors' tax liability is determined by your pro rata entitlement to the income earned by the trust and is not necessarily related to the capital and income components of actual cash distributions. Investors will be provided with an Annual Tax Statement, which we expect to issue within 60 days of financial year end.

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Unit Value

	Fund	Per unit
Net Fund capital	$34.6M	92c
Net income accrued	$3.7M	10c
Net asset value	**$38.3M**	**$1.02**

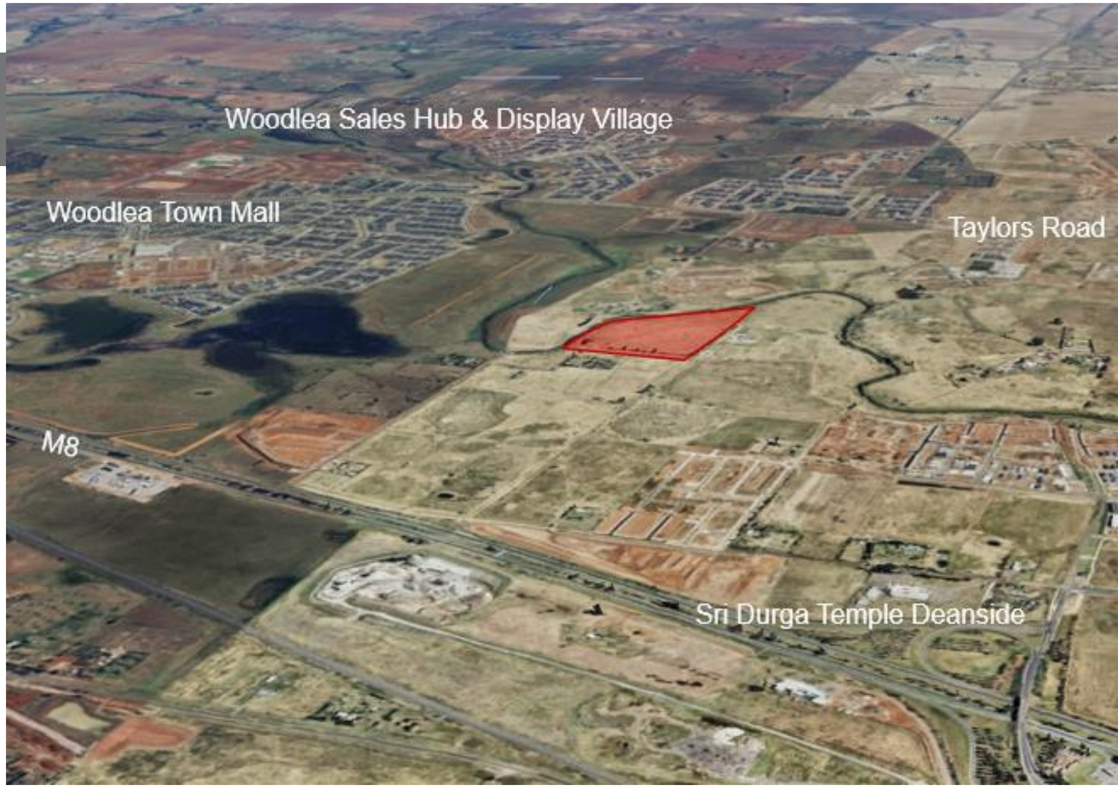
Series 2 Portfolio as at 31 December 2024

Facility	Amount deployed	Weighting
1. Land Subdivision, Deanside VIC	$4.5M	13%
2. Underbank Estate, Bacchus Marsh VIC	$4.3M	13%
3. Kallara House, Parkdale VIC	$4.2M	12%
4. The Wickham, Highett VIC	$3.3M	10%
5. Murray Street, Perth WA	$3.0M	9%
6. The Watson, Essendon VIC	$2.3M	7%
7. Alicia Street, Hampton VIC	$2.1M	6%
8. Bridport Street, Albert Park VIC	$2.0M	6%
9. Elanora Place, Parkdale VIC	$1.8M	5%
10. The Carlile, Armadale VIC	$1.7M	5%
11. Point Nepean Road, Rye VIC	$1.7M	5%
12. Whitehorse Road, Deepdene VIC	$1.7M	5%
13. Cove, Coogee NSW	$0.8M	2%
14. Lakeside Estate, Greenvale VIC	$0.5M	1%
15. Wanda Terraces, Caulfield North VIC	$0.4M	1%
	$34.3M	100%

PORTFOLIO REVIEW

Land Subdivision, Deanside

131-171 Deanside Drive, Deanside VIC



The land of 12.12 hectares, located at 131 – 171 Deanside Drive, has a net developable area of 6.7 hectares. The project involves the construction and development of 124 residential lots, providing affordable housing stock with an average lot price of $395k - a price point currently attracting strong demand.

Key Information:

Developer	Solovey
Current Fund Investment	$4.5 million

Project Update

- Financial close took place in February 2023.
- The developer has now engaged a majority of the consultant team via competitive tender.
- The town planning application was submitted to Melton City Council for review.
- Council requested a CHMP (a Cultural Heritage Management Plan) to progress town planning application.
- After an extended period of negotiation, the Developer has completed a complex ‘cultural heritage test results’ meeting with Wurundjeri HQ and is in the process of submitting a final CHMP to Council.

PORTFOLIO REVIEW

Underbank Estate, Bacchus Marsh

174 Mortons Road, Bacchus Marsh, VIC

Funding provided to refinance an existing Monark senior debt facility, for the construction of stages 21-24 and S901 (147 lots) and estate related works. Monark Group has also funded the senior loan for this project.

Key Information:

Developer	Kataland
Builder	Winslow
Current Fund Investment	$4.3 million

Project Update

- In 2010, the Borrower acquired a 176 ha englobo site, which was approved for a master planned community comprising up to 1,200 lots over 40 stages, as well as communal amenities including sporting facilities, community clubhouse, town center, and parks.
- To date, 432 lots have been delivered, 265 of which Monark has financed over the last 4 years.
- At financial close, the Developer had presold a further 120 lots.
- Subdivision works on site are significantly progressed and the estate works are pending approvals from Melbourne Water.

PORTFOLIO REVIEW

Kallara House, Parkdale

127 – 137 Como Parade East, Parkdale VIC

A facility to fund the construction of a residential apartment building comprising three levels plus a rooftop, designed by Warren and Mahoney Architects. The project includes a mix of thirty-three (33) one, two, and three-bedroom apartments, and a single level basement car park accommodating 49 cars.

Kallara House is located close to the Parkdale train station and retail precinct, and a short walk to Parkdale beach. The sponsor, Lowe Living, is one of Monark's key developer partners.

Key Information:

Developer	Lowe Living
Builder	Lowe Create
Current Fund Investment	$4.2 million

Project Update

- Since settlement of the land facility in December 2023, the developer has secured 18 unconditional presales (representing 55% of the units and 51% of the value).
- A fixed price construction contract has been executed with Lowe Create (an affiliate of Lowe Living).
- The basement, ground and level 1 structure works are complete with level 2 formwork currently underway.

PORTFOLIO REVIEW

The Wickham, Highett

248 Wickham Road, Highett VIC

A facility to fund the pre-development and construction costs of an industrial redevelopment in Highett, Victoria. The Property sits within an established and proven industrial and commercial precinct.

The Project includes construction of 17 industrial warehouses, two showrooms and a refurbished commercial asset, to be developed across two stages.

Key Information:

Developers	Bridport Projects and Unified Property Services
Current Fund Investment	$3.3 million

Project Update

- Financial close occurred in December 2023.
- A soft-launch marketing campaign commenced in December 2023. Three unconditional sales for the strata warehouses have been secured at prices above the original feasibility.
- A lease with the anchor tenant, Animal Emergency Centre (AEC), was signed in May 2024 which substantially underpins the project.
- Works on the AEC refurbishment are now complete with practical completion certified in November 2024. AEC are progressing well with the tenant works and plan to commence of operations in February 2025, with rent payable from April.
- CBRE has been appointed to sell the AEC asset.
- Works on the strata warehouses are also progressing well with site cut, site excavation, and in-ground civils for warehouses complete. C3 Constructions are currently progressing with installation of tilt-slab panels.

PORTFOLIO REVIEW

Murray Street, Perth

503 Murray Street, Perth WA

A facility to assist with the acquisition, refurbishment and leasing of a modern office building located at 503 Murray Street, Perth. The property has large floorplates, four lifts and a five-star NABERS rating (only one of three in Perth), presenting an attractive location for both government and ASX-listed tenants. The property's owners will refinance the Monark facility with bank debt once leasing has achieved set milestones.

The loan represents a discount of 50% to replacement cost in a market where the vacancy rate for A-grade buildings of this quality remains tight.

Key Information:

Owner	A syndicate managed by Properties & Pathways
Current Fund Investment	$3.0 million

Project Update

- Financial close occurred in August 2023.
- The owner strategically acquired this A-Grade office asset as a value repositioning play.
- Following a substantial refurbishment, the Property is now being actively marketed for leasing by Sterling Property.
- A lease with a Government agency for approx. 679 sqm (Level 1) commenced on 1 November 2024.
- A Heads of Agreement was entered with an education provider for Level 2 (full floor). The formal lease is currently being drafted with an indicative commencement date of 1 January 2026.
- The Developer is likely to seek an extension to provide additional time to lease up the remaining floors and co-ordinate an orderly exit of the Facility.

Completed level 6 break-out area

Completed lobby works.

PORTFOLIO REVIEW

The Watson, Essendon

995 - 1001 Mt Alexander Road & 1 Thorn Street, Essendon VIC

A facility to assist with the construction of a six-level building comprising 37 residential apartments and two retail shops over a two-level basement. The project is sponsored by an experienced developer with a track record of successfully delivering high-end residential developments in Victoria. The Watson targets owner-occupiers and is well positioned for downsizers in the Essendon/Moonee Ponds locality – evidenced by the high proportion of current purchasers who reside in the area.

Key Information:

Developer	Kincrest
Builder	Ireland Brown
Current Fund Investment	$2.3 million

Project Update

- Financial close occurred in January 2024.
- Procurement of trades is 100% complete.
- The structure is complete, and services rough ins are being finalised on level 5. Plasterboard works have commenced on level 5 with joinery currently being installed on level 2.
- Construction works remain slightly ahead of program.
- 31 apartments, representing 86% of total residential stock, and one retail shop, have been presold. In addition, the remaining retail tenancy is underpinned by an executed Agreement for Lease with a leading suburban grocery chain.

PORTFOLIO REVIEW

Alicia Street, Hampton

31 – 35 Alicia Street, Hampton VIC

A preferred equity facility to assist with the development and construction of a four-level, 32 apartment residential building designed by renowned architects Cera Stribley.

The project, to be developed by Lowe Living, will be built over a two-level basement car park with 63 resident parking bays and six visitor bays.

Key Information:

Developer	Lowe Living
Builder	Lowe Create
Current Fund Investment	$2.1 million

Project Update

- The Developer secured the aggregated site in March 2024 via an off-market purchase.
- Settlement of the site was completed in November 2024.
- The Developer submitted a Town Planning application, and a Notice of Decision was issued.
- The objection period expired on 10 January 2025, with no objections registered with Council
- The permit is expected to be issued imminently.

PORTFOLIO REVIEW

Bridport Street, Albert Park

146–150 Bridport Street, Albert Park VIC

The developer has strategically acquired and amalgamated three sites to develop a 5-level mixed-use development comprising luxury apartments, all with basement carparking, to be constructed above office and retail areas. The project is located in a high-profile shopping strip in the blue-ribbon suburb of Albert Park. Designed by well-regarded architecture firm Cera Stribley. Monark is a shareholder in the project.

Key Information:

Developer	Jacmax Projects
Current Fund Investment	$2.0 million

Project Update

- A planning permit application was submitted in December 2022.
- A VCAT application was submitted in March 2023, resulting in the securing of a planning permit in May 2024 for a four-level building.
- Endorsed plans for the permitted scheme was received in December 2024 and the Developer is now preparing to apply for a Section 87A (Amend a Permit) via VCAT to re-instate the fifth level which was lost in the initial VCAT process.
- Marketing materials are currently being prepared for the permitted scheme with marketing of the lower levels expected to commence in the first quarter of 2025.

PORTFOLIO REVIEW

Elanora Place, Parkdale

152 Como Parade, Parkdale VIC

A preferred equity facility to assist with the development and construction of a 45-unit apartment project designed by multi award-winning architects, Jackson Clements Burrows. The apartments are proposed to be built over a single level common basement providing 78 traditional car bays.

Key Information:

Developer	Lowe Living
Builder	Lowe Create
Current Fund Investment	$1.8 million

Project Update

- Settlement of the site was completed in December 2024.
- The developer received a planning permit in September 2024 through a compulsory mediation process with Council.
- The display suite was completed prior to Christmas. Agents have been taking appointments over the Christmas break, with the official project launch planned for February 2025.
- To date the developer has secured one unconditional sale and one reservation.

PORTFOLIO REVIEW

The Carlile, Armadale

929 – 933 High Street, Armadale VIC

A luxury six-level development with nine apartments and two retail units. Three levels of basement car parking provide traditional garage and tandem car spaces accessed via a car lift. Designed by Bayley Ward, the apartments comprise two, three and four-bedroom units ranging in size from 107 sqm to 332 sqm. The apartments are proposed to be finished to a luxury standard featuring timber flooring, natural stone benchtops and splash backs, Vzug induction appliances, integrated Leibherr fridges and Vintec wine fridges, built in gas fireplaces, floor and wall tiled bathrooms with freestanding tubs and uninterrupted CBD views to the northwest for upper-level apartments.

Key Information:

Developer	Hewson
Builder	Cobild
Current Fund Investment	$1.7 million

Project Update

- A planning permit was issued by Stonnington Council on 23 August 2019.
- Demand for the units in the project has been strong with unconditional sales contracts concluded for five of the nine apartments and for both retail units.
- The concrete structure is complete, and the tower crane has been removed. Window installation is complete, and the building is watertight.
- Internal wall framing is primarily complete on all levels and plasterboard installation and joinery is underway on all levels. Practical Completion is anticipated in late March / early April.
- A marketing campaign is underway with newly appointed sales agent Marshall White.

PORTFOLIO REVIEW

Point Nepean Road, Rye

2123-2135 Point Nepean Road, Rye VIC

The Project is designed by Cera Stribley architects and is aimed at owner-occupiers / downsizers who are seeking high quality but low maintenance beachside retreats and are priced out of the Mornington / Sorrento & Mount Martha markets. The development consists of 20 apartments and ground floor commercial/retail spaces.

Key Information:

Developer	Curtis York
Current Fund Investment	$1.7 million

Project Update

- Land for the project was settled in October 2022.
- A planning permit was received in November 2023 and the project launched in late December 2023.
- Post launch, the developer sold four units out of 20. The Developer refreshed the marketing campaign over the summer break, resulting in a number of healthy enquiries. These are now being worked on to convert into pre-sales.
- The Developer is finalising the construction contract with the Builder and construction is expected to commence in late February.

PORTFOLIO REVIEW

Whitehorse Road, Deepdene

18 – 30 Whitehorse Road, Deepdene VIC

The Property is located in a desirable location within the affluent suburb of Deepdene. The facility will fund the development of a mixed-use building comprising a health club, retail space, residential hotel (20 serviced apartments), 25 dwellings, and a two-level basement.

Key Information:

Developer	APH Holdings
Current Fund Investment	$1.7 million

Project Update

- Financial close occurred in December 2023.
- A planning permit was received for the development of a mixed-use building, comprising a health club, retail, residential hotel, and dwellings.
- In late 2024 the Developer (APH) went into administration. However, the facility is not part of the APH group but is made to a trust controlled by its owner. It is ringfenced, secured by a premium development site, there are no cross-guarantees, and it is not subject to the appointment of administrators.
- We are currently considering several options which include partnering with an experienced developer to commence construction, or a sale of the facility's security. We will keep you informed as we make progress.

PORTFOLIO REVIEW

Cove, Coogee

76 Bream Street, Coogee NSW

A facility to assist with the acquisition and construction/refurbishment of a circa 1960s built four-level residential building comprising eight apartments. The property is located in a highly desirable location, 200m from Coogee beach.

Key Information:

Developer	Willow Group
Builder	Twentythree Projects
Current Fund Investment	$0.8 million

Project Update

- Financial Close occurred in February 2024 to assist with settlement of the Property.
- Demolition and structural reinforcement of the existing building is primarily complete and internal partition framing is well advanced. Service rough ins are underway ahead of plasterboard linings in the coming period.
- Earthworks have commenced at the rear of the building and the slab on ground has been poured including works associated with the Authority sewer asset.
- Practical Completion was originally scheduled for December 2024. However, due to inclement weather the revised date for practical completion is estimated to be late February / early March 2025.

PORTFOLIO REVIEW

Lakeside Estate, Greenvale

690 Somerton Road, Greenvale VIC

A land subdivision project on a 2.02 ha parcel of land located close to the Roxburgh Park railway station, established shopping centres, and schools. The facility will be applied to civil works to enable the subdivision of the property into 39 residential lots.

Key Information:

Developer	Solovey
Current Fund Investment	$0.5 million

Project Update

- Financial Close occurred in December 2023.
- Pre-sales of 35 out of 39 lots made available for sale have been concluded, demonstrating strong market acceptance.
- All earthworks and services works have been completed and tested. Practical completion has been provided.
- A Statement of Compliance from Jemena has been received, and titles issued.
- Settlement is expected to occur in late January 2025.

PORTFOLIO REVIEW

Wanda Terraces, Caulfield North

14 - 16 Hawthorn Road, Caulfield North, VIC

Funding provided for the construction and development of a four-level building, incorporating 24 apartments over two levels of basement carpark. The project is designed by Ewert Leaf to a high level of finish and comprises a mix of two- and three-bedroom configurations. Monark Group has also funded the senior loan for this project.

Key Information:

Developer	Platinum
Builder	Iurada
Current Fund Investment	$0.4 million

Project Update

- Construction commenced in July 2024.
- Procurement is approximately 75% complete and the builder is primarily using known subcontractors.
- The Basement works are complete including the suspended B1 level slab. Ground floor formwork is currently underway.
- 13 unconditional sales out of 24 units have been secured. Sales enquiry continues to be robust since construction commencement.

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