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Sydney Direct Property Trust

Information Memorandum

February 2015

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implied, regarding the accuracy or completeness of the information contained herein.

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1. Important Notice and Disclaimer

Important Information

This Information Memorandum (IM) is dated 23 January 2014. Pillar Capital has prepared the IM. The Trust will be an

unregistered wholesale-managed investment scheme. No person is authorised to provide any information or to make any

representation in connection with the issue of Units in the Trust, which is not contained in this IM.

This IM is intended for the exclusive use of ‘wholesale clients’ (as that term is defined in the Corporations Act) (Recipients) to

evaluate investing in the opportunity which this IM outlines. Each Recipient of this IM represents and warrants to the

Investment Manager and Trustee that it is a “wholesale client” as that term is defined in the Corporations Act.

This document may not be reproduced, used or given to any other person, in whole or in part, for any purpose other than that

for which it is intended.

This IM is issued on the basis that it updates and supplements all previously published information with regard to the

investment and asset’s characteristics. The information, which this document contains, outlines the entirety of the offering, and

thus all previously published information, investment flyers, verbal advice or other may not be relied upon.

Unregulated capital raising

This IM is not a disclosure document for the purposes of the Corporations Act 2001 (Cth), and is not to be taken as a

recommendation to enter into a transaction in respect of the proposed investment in the Trust.

Investments may only be accepted from persons to whom the Trustee is not required to give a product disclosure statement

under Part 7.9 of the Corporations Act. Persons to whom the Trustee must give a product disclosure statement under Part 7.9

of the Corporations Act may not apply for Units under this IM. This IM is an invitation to make an Application for Units to

persons who so qualify and to no one else.

Accordingly, potential investors will not have the benefit of the Corporations Act’s requirement for a product disclosure

statement. This IM is not an invitation in relation to the Units in any place in which, or to any person to whom, it would not be

lawful to make such invitation.

Capital investment returns are not guaranteed

Investments in the Trust are subject to investment risk, including possible delays in repayment and loss of capital invested.

The Trustee and the Investment Manager do not guarantee any particular rate of return on Units or the performance of the

Trust, nor does it guarantee the repayment of capital from the Trust.

You should carefully consider these factors in light of your particular investment needs, objectives and financial circumstances

(including financial and taxation issues).

No investment advice

This IM does not purport to be all-inclusive or to contain all information that a prospective investor may desire in an

investigation of the proposed investment in the Trust. The Investment Manager reserves the right to amend the information

provided. The issue of this IM will not be taken as any form of commitment on the part of the Trustee or the Investment

Manager to proceed with any transaction.

The Offer does not take into account the investment objectives, financial situation and particular needs of the investor.

Applicants should read this IM in its entirety and seek their own independent Australian legal, financial and taxation advice

before applying for Units. Nothing in this IM is a recommendation by a person concerning investment in Units in the Trust. No

person, firm or corporation associated with the issue of this IM guarantees, warrants or underwrites the performance of the

Trust or any particular return or any tax treatment.

No representation

This IM contains certain forecasts and forward-looking statements. These have been prepared by the Investment Manager of

Pillar Capital and represent the Investment Manager’s best estimates based on present circumstances. All projections and

forward-looking statements and calculations in this IM are for illustrative purposes only using assumptions described herein.

The calculations are based on certain assumptions, which may not be realised. In addition, such forward-looking statements

involve a number of risks and uncertainties. Actual results may be materially affected by changes in economic, taxation and

other circumstances. The factors that could cause actual results to differ materially from the forward-looking statements herein

include, among other things, changes in interest rates, changes in general economic conditions, changes in the property

market and the supply and demand for agricultural property.

The Trustee, the Investment Manager and their related bodies corporate, directors, officers, employees and associates disclaim

any responsibility for any errors or omissions in the financial calculations set forth in this IM and make no representations or

warranties as to the accuracy of the assumptions on which they are based. The reliance the Recipient places upon the

feasibility, projections, calculations and forward-looking statements in this IM is a matter for their own commercial judgment.

No representation or warranty is made that any feasibility, projection, calculation, forward-looking statement, assumption or

estimate contained in this IM should or will be achieved. The Recipient agrees that it will not seek to sue or hold the Trustee,

the Investment Manager or their associates liable for any loss or damage in any respect arising from the provision of this IM,

including but not limited to loss or damage arising from any errors, misstatements, misrepresentations in, or omissions from

this IM or any other information, and to the extent permitted by law, the Recipient waives any rights it may otherwise have in

this respect.

This IM is not to be provided to any person located in any jurisdiction where its provision would be unlawful.

Law may restrict the distribution of this IM in jurisdictions outside Australia, and persons who come into possession of this IM

in jurisdictions outside of Australia should seek advice on, and observe, any such restrictions. An investment in the Units in the

Trust is subject to investment risk. It is possible that a Unit Holder may lose all of the money they invest in the Trust. Past

performance of a property, or past performance of the Trustee or the Investment Manager, do not guarantee that future

performance will be the same or similar.

This IM must be read in conjunction with the Trust Deed. Potential investors should read the Trust Deed for further information

regarding the rights and obligations of Unit Holders in the Trust and the rights and obligations of the Trustee. If there are any

inconsistencies between this IM and the Trust Deed, the Trust Deed will prevail.

The information in this IM is current as at 23 January 2014.

All references to dollars are to Australian dollars and are net of GST, unless stated otherwise.

Definitions

A number of words and terms used in this IM have defined meanings that appear in the Glossary.

Diagrams & Photographs

Diagrams used in this IM are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in

charts, graphs and tables is based on information available at the date of this IM.

Photographs in this IM represent the Property and surrounding areas unless otherwise indicated.

Anti-Money Laundering & Counter-Terrorism Financing Act 2006

Potential investors, whether individuals, companies, partnerships or trusts, will be required to provide appropriate identification

at the time an Application for Units is lodged, or prior to any Units in the Trust being issued by the Trustee.

Privacy notification

When potential Unit Holders make an Application to invest in the Trust, the Trustee will collect personal information about

investors from their Application Form and for the purposes of investor identification.

The Trustee may also collect additional personal information by other means in the future. If Applicants or Unit Holders have

any questions about or require access to the personal information collected they should contact the Trustee. The personal

information supplied to the Trustee is used for the primary purpose of establishing an investment in the Trust. The personal

information will also be used for the related purposes of processing Applications, administering investments, managing the

assets, and complying with applicable laws and regulations including anti-money laundering and counter-terrorism laws. The

Trustee may also use the information to provide you with details of future investment opportunities.

By making an Application to invest in the Trust you will have consented to the Trustee’s collection and use of your personal

information as stated above. If all the information required is not supplied, the Trustee may be unable to establish a Unit

Holder’s investment in the Trust, process the Application and/or administer the investment.

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2. Key Features

**Prime, High-Density Residential Development Site**

- Substantial land area of 6,355sqm\*  
- Residential B Zoning (R4 High Density Residential under DLEP 2014)  
- FSR 2:1  
- Height Limit: 25m

**Substantial Opportunity**

Offer price: $13,500,000 AUD

Secure Site: 10% on exchange of acceptance of offer

6 months settlement period

Offer Open: 30th January 2015

Offer Closes: 9th March 2015

**Commencement Date (estimate)**

1 Settlement of Contract of Sale (Purchase Land) 10 March 2015

2 Obtain Development Approval from Council 1 July 2015 -30 July 2015

3 Construct subject building August 2015 - February 2017

4 Delivery of apartments 1 March 2017

5 Distribution of Proceeds to investors 31 March 2017

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3. Details of the Investment Opportunity

The Offer

Investors are invited to acquire Units in the Pillar Capital Mascot Direct Property

Trust, which is the vehicle that will be used to acquire real property in Mascot.

The anticipated benefits of the Offer include the following:

• Projected Internal Rate of Return 30%\*\* (Subject to the risks and

assumptions and other factors outlined within this IM);

Purpose of the Offer

The purpose of the Offer is to provide Investors with the opportunity to invest in

the Pillar Capital Mascot Direct Property Trust. The Trust presents an opportunity

for Investors to gain investment exposure to Property Development.

Investment Structure

A unit trust has been established pursuant to the Trust Deed, with One Funds

Management Limited as the Trustee. The Trustee has entered into a contract to

purchase the Property.

The structure is outlined within the Structural Diagram.

Investment Strategy

The investment strategy is to give Investors exposure to the Property

Development in Sydney

The current intention is for the Property to be sold; therefore the marketing and

timing of sale of the Property at the end of the 2-year term will be important

(please see also Market Risk of this IM).

The sale will be affected to provide liquidity and maximise the return to Unit

holders at that time. For this reason, and to take advantage of seasonal

conditions the Trustee has the flexibility to sell the Property at the end of the

term plus or minus one year.

Debt policy

Gearing at approximately 0% of the Purchase Price has been factored into the

financial model for the Trust. This is not a geared property trust.

Liquidity

There will be no liquidity and/or redemption facility offered by the Trustee to

Investors until the successful sale of the Property at the end of the term (and

after the payment of all Trust expenses, costs and fees), however transfers of

Units may be allowed throughout the term to other wholesale Investors (as that

term is defined in the Corporations Act).

The Trustee throughout the term of the Trust does not guarantee liquidity. Unit

transfers may be allowed; however, the main liquidity event is proposed to occur

when the Property is sold at the end of 2 years.

Market risk

Market risk relates to any proposed sale of the Property at the end of the term of

the Trust – for this reason, it is the current intention that the Trust may attempt

to sell the Property in year 2, plus or minus 1 year. This may allow for the

Property to be sold at a time in order to maximise the returns from the market

conditions existing at that particular time. Unit holders will be advised closer to

the date what the intentions of the Trustee are in this regard.

Timetable

All dates and times are subject to change and are indicative only. All times are

AEST. The Trustee, reserves the right to vary these dates and times without

prior notice, including the right to close the Offer early, to withdraw the Offer, or

to accept late Applications.

Applications

Applications may only be made on the Application Form attached to or

accompanying this IM. Detailed instructions on how to complete the Application

Form are set out on the Application Form.

The Offer Price is $1 per Unit.

The Trustee reserves the right to withdraw the Offer, at any time before the

allotment of Units. If the Offer does not proceed, Application Monies will be

refunded. No interest will be paid on any Application Monies refunded as a result

of the withdrawal of the Offer.

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Pre existing site:

Proposed Building Plans

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4.The Investment Manager

Pillar Capital has been engaged by the Trustee to provide advice in relation to

the Offer and the ongoing management of the Property and Tenant. It will adopt

an active approach to portfolio management based on an analysis of investment

opportunities, a deep understanding of the fundamentals of the property market,

and the ability to provide responsive and proactive management.

Management fee 1.87% of the value of the Property on an ongoing basis paid

monthly in arrears.

Performance fee 10% of capital growth at the end of the Term of the Trust,

payable only if the Capital Gain to the Trust exceeds 5% per annum over the

term of the Trust.

Directors of Pillar Capital

Nashat Qadan

Wosif Elayoubi

5. The Portfolio

Mascot

44

Units

+

5

commercial

LAND

COST

Purchase

Price/Site

$

7,050,000

Buying

Cost

-°©‐

Stamp

Duty

(5%

of

PP)

$

435,000

-°©‐

Legal

$

25,000

$

460,000

$

7,510,000

BUILDING

COST

Consultants

Cost

(CC)

$

-°©‐

Consultants/Management

$

750,000

Council

Contribution

(S.94)

$

935,000

$

1,685,000

Sale

of

Sand

-°©‐$

200,000

Construction

Cost

(Inc.

GST)

$

12,500,000

Fees

$

550,000

$

14,535,000

TOTAL

DEVELOPMENT

COST

TO

COMPLETE

$

22,045,000

13

SELLING

PRICE

Commercial

(all

5

commercial)

5

$

2,300,000

1

B/R

4

$

520,000

$

2,080,000

1

B/R

+

Study

15

$

570,000

$

8,550,000

2

B/R

(1

Bath)

4

$

640,000

$

2,560,000

2

B/R

(1.5

Bath)

1

$

655,000

$

655,000

2

B/R

+

Study

(1

bath)

3

$

670,000

$

2,010,000

2

B/R

+

Study

(1.5

bath)

12

$

695,000

$

8,340,000

2

B/R

+

Study

(2

bath)

3

$

745,000

$

2,235,000

3

B/R

2

$

820,000

$

1,640,000

$

30,370,000

49

$

30,370,000

SELLING

COST

Commission

(Inc.

GST)

2.00%

$

607,400

Legal

Fees

(ink

GST)

$

1,100

$

53,900

GST

Payable

(Margin

Scheme)

$

2,120,000

$

2,781,300

NET

SALE

PRICE

$

27,588,700

NET

SALE

PRICE

$

27,588,700

less

:

DEVELOPMENT

COST

$

22,045,000

$

5,543,700

add

:

GST

REFUND

$

1,099,209

NET

INCOME

$

6,642,909

%

RETURN

ON

TDC

30%

6. Risk Factors

The Offer made pursuant to this IM should be considered highly speculative. An investment in the Trust is not risk free and the Trustee strongly

recommends potential investors consider the risk factors described below, together with information contained elsewhere in this IM, before deciding

whether to apply for Units.

Investors should also consult with their professional advisers before deciding whether to apply for Units pursuant to this IM.

There are specific risks, which relate directly to the business of the Trust. In addition, there are other general risks, many of which are largely

beyond the control of the Trustee and the Investment Manager. The risks identified in this section, or other risk factors, may have a material impact

on the financial performance of the Trust and the value of the Units.

The following is not intended to be an exhaustive list of the risk factors to which the Trust may be exposed.

Before deciding to invest in the Trust, potential investors should:

• read the entire IM;

• carefully consider the assumptions underlying the forecasts, the sensitivity analysis and the risk factors that could affect the financial performance

of the Trust;

• review these factors in light of their personal circumstances; and

• seek professional advice from their accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to

invest.

Economic risks

Changes to Australia’s general economic condition both in Australia and internationally may impact on the performance of the Trust. This may

include:

• Contractions in the Australian economy or increases in the rate of inflation resulting from domestic or international conditions, such as movements

in domestic interest rates and reduced economic activity;

• Increases in the costs of goods and services;

• Changes in government or regulatory fees and taxes or duties;

• Changes in value to Australian dollar versus other assets and currencies;

• Changes in law and government policy, particularly in respect of taxation or the environment, and regulation of the mining industry generally; and

• The introduction of new government levies or resource taxes.

Taxation law

Changes to Australia’s taxation laws may materially impact on the performance of the trust.

Investors should note that Australian tax laws are complex and are constantly subject to change. For example, the Australian government is

currently considering the structure and effect of the laws associated with depreciation as they relate to property assets. The views and the financial

forecasts in this IM are based on law current at the date of this IM. The taxation comments in this IM are general in nature by necessity. They do

not, for example, apply to non-residents or those who carry on a business in trading in Units or take into consideration individual characteristics of

Investors.

Tax liabilities are the responsibility of each Unit holder and the Trustee is not responsible for taxation or penalties incurred by Unit holders.

Reliance on key personnel and contractors The responsibility of overseeing the day-to-day operations and the strategic Management of the Trust

and the Tenant depends substantially on the Investment Manager’s senior management and its key personnel.

There can be no assurance given that there will be no detrimental impact on the Trust if one or more of these employees cease their employment.

Insurance risk

The Trustee intends to insure the Property in accordance with industry practice. However, in certain circumstances, the insurance may not be of a

nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or not fully covered by insurance could have a

material adverse effect on the business, financial condition and results of the trust.

Valuation risk

Adverse movements in the property market may adversely affect the value of the Property. This may have the effect of lowering the net tangible

asset value per Unit.

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Operational risks

In addition, the operations of the Tenant could be adversely affected by a variety of factors, such as adverse climatic or geographical conditions, the

lack of availability of water, power or relevant infrastructure requirements, disruptions due to industrial disputes or the breakdown or shortage of

equipment and labour.

Environmental risk

The operations and proposed activities of the Tenant anticipated to occur on the Property are subject to State and Federal laws and regulations

concerning the environment.

There is a risk that environmental laws and regulations will become more onerous making the operations more expensive. This could result in lower

expected profitability for the prospective tenant for the trust.

As part of the due diligence process undertaken by the Investment Manager, advice has been taken to confirm that the Property is located in a flood

prone area. The irrigation development within the Property is designed to benefit from the overland water flows created by the flooding.

There is a risk that the Property may be affected by contamination or other environmental issues which may not have previously been identified

during due diligence at the time of acquisition. This raises a number of risks including:

• the requirement of unbudgeted additional expenditure to remediate the issues;

• a reduced sale price at the end of the Term.

Liquidity risk

The interest in the Lease and the Property is held by the Trust, which is an unlisted, unregistered, wholesale-managed investment scheme. The

Trustee will not offer a redemption facility and therefore no opportunity to redeem Units is available to Investors from the Trustee. Accordingly, an

investment in the Trust must be considered long term and illiquid (see Key Features section for further information). The Trustee provides no

guarantee whatsoever that Unit Holders will be able to dispose of their Units or withdraw from the Trust at any time.

Force majeure

Natural and economic disasters and events outside the control of the Trustee or the Investment Manager (such as fire, floods, earthquakes, wars

and acts of terrorism), may damage the Property and impact on returns to Unit Holders.

Speculative nature of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Trust or by investors in the Trust. The above factors, and

others not specifically referred to above, may in the future materially affect the financial performance of the Trust and the value of the Units offered

under this IM.

Therefore, the Units offered under this IM carry no guarantee with respect to the payment of income, returns of capital or the value of those Units.

Potential investors should consider that the investment in the Trust is highly speculative and should consult their professional advisers before

deciding whether to apply for Units under this IM.

Unit holders’ Liability is Limited

Unit holders cannot be required to pay more than their subscription. Unit holders are not financially responsible for the obligations of any other Unit

holder in the Trust. In the event of default on a loan to the Trust, the Financiers’ recourse is currently limited to the assets of the Trust. However,

the Trustee cannot guarantee that liability is limited in all circumstances, as such decisions ultimately lie with the courts.

Term and Exit Strategy

There is a risk that the rural property market will not be optimal for selling the Property after the 2-year term. The Trustee has a 12-month

discretion in exercising its power of sale. If the Property is sold for less than anticipated, returns to Unit holders will be adversely impacted.

Other Risks associated with Trust Structure If the Trust is unable to raise a minimum of $21.5 million required to proceed, the Trustee will return

Application Monies to Applicants (without interest).

Other risks associated with the Trust structure include:

• The Trust could terminate earlier or later than expected;

• The costs of operating and managing the Trust could materially change over the term of the Trust;

• The current Trustee could be replaced as trustee of the Trust; and

• The current Investment Manager could cease to carry on the business of developing properties.

Prepared by

Wosif Elayoubi Director

Nashat Qadan Managing Director

Authorised Representatives of Pillar Capital Pty Ltd