INVESTMENT FUND OPPORTUNITY

Melbourne – Co-Living H&L Build and Sell

THS-A Unit Trust (ABN: 92 865 326 635)

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Treble Housing Solutions Pty Ltd (ACN: 680 262 739)

As trustee for

THS-A Unit Trust (ABN: 92 865 326 635)

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Overview:

The Melbourne market has presented an opportunity to assist in housing affordability and availability. The overall strategy is to purchase vacant or "off-plan" housing blocks and build a 3-bedroom, 3-bath house to be rented to 3 individuals on separate rental agreements (co-living arrangement). The property will then be sold to an investor looking for above-average returns and a brand-new property's maximum depreciation benefits.

Capital raise/investment funds: between $650k and $1.95m
Timeframe: 24 months, with a review meeting held with all unit holders after 18 months.

A select number of funding partners will fund the project, sharing in the fund's profit. The fund will maximise unitholder returns by completing as many projects as possible within 24 months.

Exit Strategy:

At the end of each build, we will furnish the houses and attract three tenants per property. At the same time, we will market the property for sale with the expected rental returns. We are targeting a return of above 10% per property after purchase and sale costs, which we believe will leave the rental yield at 5.5 - 6% on the end sale price. To put this in perspective, the average yield for a 3-bedroom house in Melbourne sits below 4%.

We have a wholesale network of property investment advisors with an appetite for completed stock and strong returns that can introduce buyers to these properties.

The Structure:

The first blocks of land have been contracted through a Pty Ltd company (and/or nominee). After the asset sale, the profit distribution, after expenses at the end of each build job will be 10% to the project manager (MD8 Consulting Pty Ltd), 5% set aside for compliance and running costs for the fund, and the remaining 85% of the profit will be paid out to the Unitholders (Noting declarable amount will be in EOFY tax returns). As this is done via a Unit-holding structure, the holding company and Unit Trust will be registered and pay GST, all necessary accounting and tax bills, then all Unit holder entities will be responsible for their own personal tax situation on their profit distributions paid.

The end funds of each build job (proceeds of sales) will be paid out in order of:

1. GST and tax liability for the Development
2. Any bank debt and interest (none anticipated for this project)
3. All project expenses
4. Profit distribution to Project Manager (10%) and Unit holders (85%)

*Example Feasibility Overview attached as appendix

The Investment and Return Potential:

By raising funds from Unit holders, we remove the need for bank lending, de-risking the fund exposure. As this will be a series of smaller investment build jobs, the timeframe should be approx. 8 months from start (land settlement) to finish (completed sale of the end properties). Please allow extra time as required for weather events, holiday closures as we will run over 2 Christmas breaks.

We are targeting a minimum of 10% profit per build and believe that is realistic, utilising our existing supply chain and being in a position to pay "cash" which will allow negotiation for rebates on land and sharpest possible build price.
For every $650k raised, we believe we could turn over 3 properties in our 24 month timeframe

In this example, based on a $1.3m fund:

- Potential turnover 6 properties in 24 months, looking at 600-650k entry prices
- Based on $60k net profit per property, profit would be circa $360k
- The Unit Holders receives their distribution of the net profit - $306,000
- A $306k return equals 23.5% return on every dollar invested (11.75%pa in simple terms)
- Project Manager receives their portion which is 10% of profit
- 5% of profits has been retained for costs - $18,000
- If costs are less than $18,000 then remaining will be distributed

Any extra costs or savings would increase or decrease the return accordingly.

Please note that we will require each funding partner to have access to a 5% contingency fund, based on original investment. This may be called on with 30 days' notice if unforeseen occurrences require an extra cash injection. This will only be required in extreme unforeseen circumstances and is required to complete the project.

Above is an indicative example and subject to change in volume or costings of future projects.

At the end of the project (24 months or longer by mutual agreement), the Unit Trust will be wound up and capital distributed back to the members in the same percentages allocated to the initial investment.

The Region:

Melbourne is Australia's second largest capital city and the largest recipient of International immigration currently. More people are moving to Melbourne than any other capital city - 26% of new arrivals are heading to Melbourne. This is largely due to the new arrivals having family, social networks or community ties in Melbourne.

Melbourne has historically been a stand out performer in terms of capital growth but has been taking a breather for the last 3 years. The traditionally low yield environment with high interest rates has been a deterrent for Melbourne, compounded by unfavourable State Government taxation for property has meant investors are leaving Victoria, decreasing the available rentals and increasing the competition for rentals between tenants.

The Strategy:

The above points all work in our favour to provide housing for tenants and completed brand new investment properties for investors, that carry maximum depreciation benefits, rental income from day one with an attractive yield. We have seen a trend of investors wanting "ready built" property due to the uncertainty of the construction industry, with builders facing challenging times. The new investor will have minimal out of pocket costs, which will allow them to hold the property long term while the next growth cycle occurs. The rented property will show a 5.5%+ return, which outperforms the normal rent yield by a long way.

The Market:

- Builders are keen for the work and able to map out a strong construction schedule timeframe.
- Land developers are keen to secure buyers and will offer settlement rebates in order to have strong contracts in place.
- Tenants are desperate to get a secured home.
- The market is in a bit of a lull at the moment, which creates opportunity for us to buy at a value price and sell at a premium, based on an investor's commercial decision.

The Risks and Considerations

Cash invested is secured by the land and development asset, investor need to factor that forecasted returns are subject to risk and with any investment there is potential for lower than expected returns.

This investment vehicle is not liquid, the timeframe of 24 months allows for turnover of capital several times, the review at 18 months will paint the picture of the final stretch. Any delays on site could lead to an extension of time required to complete the last builds and tenanting processes.

The End Purchaser:

Our end product will target the investor seeking "ready built" with strong returns but could ultimately suit the downsizer, family or re-locator. We will have 3 bedrooms configuration with an ensuite or private bathroom per bedroom. This will appeal to the widest demographic of buyers, particularly those with teenage children. This gives us the strategic advantage of having brand new, quality housing that appeals to the long term resident or investor.

There is also the potential to lock-in presales to SMSF buyers as single contract with 10% deposit paid, with balance due on completion, settling 14 days from Occupation Certificate.

Conclusion:

We have a buyers market currently, with strong upside potential. We are targeting an end price that sits well within the investment comfort band as seen by our networks of Property Investment Advisors. As we are comfortable with knowledge of the "end user buyers" of these properties, it allows up to proceed with a reasonable degree of confidence that we can meet yours and our expectations.

Regards,

Nick Menz
Director
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INVESTOR EXPRESSION OF INTEREST

EMAIL: eoi@md8.com.au the completed form
Download the EOI at eoi.md8.com.au

Investment in THS-A Unit Trust

Minimum Investment: $100,000

I, the undersigned, hereby confirm my interest in investing a loan of $____________ in the THS-A Unit Trust. I understand this amount will be used to allocate applicable units in the Trust.

Investment	
Investor Name	
Investor Full Legal Entity (ABN / ACN If Applicable)	
TFN	
Date of Birth	
Place of Birth	
Address	
Email	
Phone	
Signed	
Date	

Terms & Conditions

- I acknowledge, understand and agree to all the Terms & Conditions outlined in the THS-A Unit Trust documentation.
- I confirm that the funds expressed for investment are liquid and available for transfer within 3 working days of notification that the fund EOI period is closed.
- I understand that upon receipt of cleared funds in the unit trust's bank account, an independent authorised accountant will issue unit certificates to each unit holder.

Administration Fee

- I acknowledge that a $60 administration fee is required for issuing unit certificates. This fee is in addition to my investment amount and will be invoiced separately.

Investment Terms and Conditions

Managed Investment Scheme (MIS) Disclaimer

This Trust is structured to comply with the Small Scale Offering Exception under the Corporations Act 2001. Accordingly, the Trust is not classified as a Managed Investment Scheme (MIS) because:

1. The number of unit holders will be limited to no more than 20 within any 12-month period.
2. The total capital raised by the Trust will not exceed AUD 2 million within any 12-month period.

This Trust is only open to a limited number of investors and participation is not intended to be a public offer. The Trustees and the Manager of the Trust shall ensure that these limitations are strictly observed to maintain compliance with the Small Scale Offering Exception.

Sophisticated Investor Waiver

By participating in this Trust, each Investor acknowledges and agrees to the following:

1. They have received all necessary information regarding the investment and have been informed of the associated risks.
2. They have been advised to seek independent legal and financial advice before committing to the investment and have either obtained such advice or voluntarily chosen to proceed without it, fully understanding the implications.
3. They waive any requirement to be classified as a "sophisticated investor" under the Corporations Act 2001 and agree not to hold the Trustees, the Trust, or the Project Manager liable for any losses or damages arising from their investment due to their non-sophisticated investor status.

Risk Disclosure

Investing in the THS-A Unit Trust involves certain risks that should be carefully considered by all potential investors. The following are key risks associated with this investment:

Real Estate Development Risks

- Construction Delays: The project may face delays due to unforeseen circumstances such as weather conditions, supply chain disruptions, or contractor issues. Such delays could negatively impact the project timeline and overall profitability.
- Market Volatility: The real estate market is subject to fluctuations that may affect the sale price of the developed properties. A downturn in market conditions could result in lower-than-expected returns for investors.
- Cost Overruns: There is a risk that the project may encounter unanticipated costs, including but not limited to materials, labour or compliance-related expenses, which could reduce the profitability of the investment.

Liquidity Risk

- This investment is not liquid, and investors should be prepared to commit their funds for the entire duration of the project, which is anticipated to be a minimum of 24 months. There is no guarantee of early exit options, and capital may be tied up for the duration of the project.

Market Risk

- The success of this project is highly dependent on market conditions at the time of the sale. Factors such as a decrease in housing demand, changes in interest rates, or broader economic downturns could negatively impact the project's success and the returns to investors.

Regulatory Risk

- The project may be impacted by changes in government policies, zoning laws, or other regulatory requirements that could affect the viability or profitability of the investment. Investors should be aware that such regulatory changes are outside the control of the Trustees and the Project Manager.

Investors are encouraged to thoroughly review these risks and seek independent advice if necessary before making an investment decision.

Legal Disclaimers

No Financial Advice Disclaimer

- The information provided in this Trust Deed, and any associated documents, does not constitute financial, legal, or tax advice. All potential investors are encouraged to seek independent financial and legal advice before committing to this investment. The Trustees, the Project Manager, and any affiliates do not accept responsibility for any financial decisions made based on the information provided in this Trust Deed.

Limitation of Liability

- The Trustees, the THS-A Unit Trust, and the Project Manager (MD8 Consulting Pty Ltd) shall not be liable for any losses, damages, or costs incurred by investors, provided that all actions have been taken in good faith and in compliance with the terms of this Trust Deed and applicable laws. Investors acknowledge that there are inherent risks involved in real estate development, and returns are not guaranteed. By participating in this Trust, investors agree to indemnify and hold harmless the Trustees and the Project Manager from any claims or liabilities arising from their investment.

Investor Acknowledgment

By participating in the THS-A Unit Trust, each Investor hereby acknowledges and agrees to the following:

1. They have carefully read and fully understand the risks associated with this investment as outlined in the Risk Disclosure section of this Trust Deed.
2. They are making this investment with full knowledge of the potential for loss of capital and the absence of guaranteed returns.
3. They have independently decided to invest in the THS-A Unit Trust, having either sought or waived the opportunity to seek independent financial and legal advice.
4. They agree that their participation in this Trust is voluntary and that they will not hold the Trustees, the Project Manager, or any affiliates responsible for any losses incurred as a result of their investment.

Unit Trust Structure

The THS-A Unit Trust is structured as a unit trust, wherein investors hold units that represent their proportional share of the Trust's assets and any profits generated.

Unit Allocation

- **Project Manager's Allocation**: 10% of the total units in the Trust (i.e., 111 out of 1,111 units) shall be allocated to the Project Manager, MD8 Consulting Pty Ltd, as compensation for managing the project and assuming the associated risks.
- **Investor Allocation**: The remaining 90% of the total units (i.e., 1,000 out of 1,111 units) shall be allocated to investors based on their capital contributions, with each unit valued at approximately as a % of the total pool of funds raised.

Profit Distribution

- The profits of the Trust shall be distributed in the following order of priority:
    1. Payment of all tax liabilities, including GST.
    2. Repayment of any project-related debt (if applicable).
    3. Reimbursement of all project expenses incurred by the Trust.
    4. Distribution of remaining profits to unit holders (90% to investors, 10% to the Project Manager).

Contingency Fund

To safeguard against unforeseen project costs, each investor is required to maintain access to a contingency fund amounting to 5% of their original investment. This contingency fund may be called upon with 30 days' notice if unexpected circumstances arise that necessitate additional cash injections to complete the project. The purpose of this contingency fund is to ensure that the project can continue to completion and that the interests of all unit holders are protected.

Voting Rights and Decision-Making Process

Unit holders in the THS-A Unit Trust shall have the right to vote on significant matters affecting the Trust, including but not limited to:

- **Extension of the Trust Term**: A review meeting will be held after 18 months to assess the progress of the project. At this time, unit holders shall vote on whether to extend the Trust beyond the initial 24-month term or to wind up the Trust.
    - Any decision to extend the Trust must be approved by unanimous consent of all unit holders.
- **Pre-emptive Rights**: Existing unit holders shall have the first right of refusal to purchase additional units or to buy out the capital of any exiting unit holders before those units are offered to new investors. This provision is in place to maintain the Small Scale Offering Exception and limit the number of unit holders to 20.

Pre-emptive Rights

To ensure that the Trust remains compliant with the Small Scale Offering Exception and to protect the rights of existing unit holders, the following pre-emptive rights shall apply:

1. **Right of First Refusal**:
    - If any unit holder wishes to exit the Trust or sell their units, the remaining unit holders shall have the first right of refusal to purchase those units.
    - The exiting unit holder must provide notice to the Trustees, who shall then offer the units to the remaining unit holders on a pro-rata basis according to their current holdings.

- All unit holders acknowledge that their investment is subject to a minimum 2-year term, during which their capital is committed to the Trust. Therefore, any attempt to sell or transfer units within this period must be consistent with the terms set forth in the Trust Deed and the investment information document.

2. Price Determination:
    - The price for the units being offered shall be determined by the Trustees based on the most recent valuation of the Trust's assets.
    - If the existing unit holders do not purchase the units within the designated period, the units may be offered to new investors, provided that the total number of unit holders does not exceed 20.
    - Any new investors must also agree to the minimum 2-year term of capital commitment as a condition of purchasing units.
3. Acknowledgment of Minimum Loan Term:
    - By exercising their pre-emptive rights, unit holders acknowledge and agree that their capital is committed to the Trust for a minimum term of 2 years, as stipulated in the Trust Deed and the investment information document.
    - This minimum term is binding, and unit holders agree not to seek early redemption or withdrawal of their capital during this period unless expressly permitted by the terms of the Trust Deed.

APPENDIX – Indicative Feasibility Overview

Melbourne Example Package	Land Acq	Costs	Build Costs	Rental Costs	Sale Costs	Conservative	Realistic	Optimistic
Land	$ 244,000							
Stamps	$ 10,500							
Legals on Purchase	$ 2,500							
Infrastructure Charge		$ 2,000						
Build contract			$ 351,930					
Furniture Package (first 50%)				$ 12,500				
Accounting & Misc Admin		$ 3,000						
Sales & Marketing 4% on 700k						$ 28,000	$ 29,000	$ 30,000
Legals on Sale					$ 2,500			
Sale of properties						$ 700,000	$ 725,000	$ 750,000
Plus furniture package						$ 15,000	$ 15,000	$ 15,000
Less Land Reb						$ -	$ -	$ -
Total Income						$ 715,000	$ 740,000	$ 765,000
Less costs	$ 257,000	$ 5,000	$ 351,930	$ 12,500	$ 2,500	$ 656,930	$ 657,930	$ 658,930
Expected Gross Profit						$ 58,070	$ 82,070	$ 106,070
Project Management						$ 5,807	$ 8,207	$ 10,607
Unit Holders Profit Estimate						$ 52,263	$ 73,863	$ 95,463

Estimate of Gross Return To Unit Loan Investors On Captial Cost Expended (One indicative Asset Example)		8.0%	11.2%	14.5%
Number of Properties Cash Gross Estimate over the investment period of 2 years Depending on total capital raised. ($1.4 Million Rased Could lead to 6 Properties)	2	$ 104,526	$ 147,726	$ 190,926
	3	$ 156,789	$ 221,589	$ 286,389
	4	$ 209,052	$ 295,452	$ 381,852
	5	$ 313,578	$ 443,178	$ 572,778
	6	$ 418,104	$ 590,904	$ 763,704
Example Return on total fund capital raised based on 6 Properties $ 1,400,000	Total	30%	42%	55%
	PA	15%	21%	27%

Please note that the returns illustrated are indicative only and subject to change based on market conditions, costs and other variables.