



# ALLURA HILLS

Baulkham Hills NSW

## INFORMATION MEMORANDUM

**Tanmay Development 2 Pty Ltd**  
(ABN 37 616 552 508)

For the offer of:

3,375,000 Preference Shares at an offer price of \$1.00 per share to raise \$3,375,000 (Offer) for development of 15 premium town homes, under an approved DA, at 70-72 Old Northern Rd Baulkham Hills NSW

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**Investment Manager**

**Emerging Funds Management Pty Ltd**  
ABN 68 660 505 288

AFS Representative No 001305976 of AFSL 528526

# ALLURA HILLS



## Premium Town Homes in Central Baulkham Hills

150m walk to Grove Square Shopping Centre with three bus stops and other amenities within 100m. Allura Hills offers a modern living experience with communal areas, security, and underground parking.

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# IMPORTANT NOTICES



## PURPOSE OF THE OFFER AND THE INFORMATION MEMORANDUM

The Offer contained in this information memorandum (**Information Memorandum** or **IM**) is an invitation to acquire Series A Redeemable Preference Shares (**Preference Shares**) in Tanmay Development 2 Pty Ltd (ABN 37 616 552 508) (the **Company**).

Emerging Funds Management Pty Ltd (**EFM**) (ABN 68 660 505 288) is acting as the investment manager (**Investment Manager**) for the Offer. EFM has been appointed as a Corporate Authorised Representative (number 001305976) of Quay Wholesale Fund Services Pty Ltd (ABN 55 647 044 602) AFSL No. 528526 (**AFSL Holder**). The AFSL Holder has authorised EFM, as authorised representative of the AFSL Holder, to make offers to arrange for the issue of the Preference Shares under the IM.

This IM is prepared and issued by EFM for the purpose of providing information about the Offer made by the Company and sets out general information about the Offer for the recipient of this IM (**Recipient**) to consider in making a decision as to whether the Recipient should invest in Preference Shares. Recipients should read this IM in its entirety before making a decision about whether to invest.

## AUTHORISED INTERMEDIARY

The Preference Shares under this IM will be issued by the Company in accordance with the Offer under an intermediary agreement between the Company and the AFSL Holder under section 911A(2)(b) of the Corporations Act 2001 (Cth) (**Corporations Act**).

## DATE

This IM is dated 24 November 2023 (**IM Date**). Its delivery at any time after the IM Date does not imply that the information contained in it is accurate, timely and complete at any time subsequent to the IM Date.

## GLOSSARY

Certain words and expressions used in this IM are defined in Section 11 (**Glossary**).

## CONDITIONS OF RECEIPT

This IM is not made available generally to the public but rather is supplied personally to the Recipient on the conditions set out below, which are taken to be accepted and agreed by the Recipient as evidenced by the retention by the Recipient of this IM, in part consideration of the supply of this IM. If these conditions are not acceptable this IM must be returned immediately.

## ELIGIBLE INVESTORS

The Offer is only open to sophisticated and professional investors (as defined in section 708 of the Corporations Act) receiving this IM within Australia or a jurisdiction where it is lawful to do so, and who accept the conditions of receipt of this IM.

## DISCLOSURE DOCUMENT STATUS

This IM is intended to provide Investors with information only and does not constitute a Product Disclosure Statement or disclosure document for the purposes of Part 7.9 of the Corporations Act or a Prospectus or disclosure document under Chapter 6D of the Corporations Act.

This IM has not been, and is not required to be, lodged with the Australian Securities and Investments Commission (ASIC) or any other government body.

## RESTRICTIONS ON DISTRIBUTION

The Offer is an offer which is available to persons receiving this IM within Australia but does not constitute an offer of interests in the Company in any jurisdiction where, or to any persons to whom, it would be unlawful to make the Offer.

This IM does not constitute an offer to sell or the solicitation of an offer to buy any securities or other financial products other than the Preference Shares.

It is the responsibility of any person located in a jurisdiction other than Australia to ensure compliance with all laws of any country relevant to the Offer. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of any relevant laws and that all approvals and consents have been obtained.

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## INVESTORS TO UNDERTAKE OWN DUE DILIGENCE

Information contained in this IM has been provided to Investors to assist them to make an assessment of whether or not to invest in the Preference Shares. In relation to the information contained in this IM, none of the Company, Investment Manager or their respective officers, employees, related parties, associates, consultants, advisers and agents, warrant or represent that:

- all information which is relevant to the Offer or to the acquisition of Preference Shares has been provided in this IM; or
- all information provided under this IM is accurate, correct or complete or does not contain misleading or deceptive statements.

Whilst the Investment Manager has undertaken due diligence in relation to the Offer and the Preference Shares and the information which has been presented in this IM, it is possible that due to factors such as the passage of time or the uncertainty in forecast details, the information contained in this IM may be inaccurate at the date of release of this IM or at a later time.

Except where expressly disclosed, the information contained in this IM has not been independently verified or independently audited. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Company, Investment Manager and their respective associates or advisers as to the accuracy or completeness of any part of this IM, nor will they have any responsibility to update or supplement this IM.

Quay Wholesale Fund Services has not sought to verify any statements contained in this IM about the investments proposed by the Investment Manager, the Investment Manager's business, the Company's business or the business of any other parties named in this IM.

To the maximum extent permitted under the law, the Company and Investment Manager disclaim any liability arising from any information provided in this IM, including any errors or omissions.

By making an investment in the Preference Shares, an Investor warrants and represents to the Investment Manager and Company that they have undertaken their own due diligence in relation to the Offer, Preference Shares, and an investment in the Preference Shares, including without limitation, in relation to the structure of the Company, its investments and the likelihood of returns from the Company.

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## NO PERFORMANCE GUARANTEES

None of the Investment Manager, the Company, or their respective officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantees the performance or success of the Preference Shares, the repayment of capital invested in the Company by an Investor, any particular rate of return on investments in the Company or any particular tax treatment. Investors should obtain their own independent tax advice prior to investing in any Preference Shares.

There can be no assurance that the Company's investment objectives will be achieved.

An investment in the Preference Shares does not represent a deposit with, or a liability of, the Investment Manager, or any of their associates.

The Investment Manager and the Company are not authorised under the Banking Act 1959 (Cth) to carry on banking business or for any other purpose and are not supervised by APRA, and investments in the Preference Shares are not covered by the depositor protection provisions available to depositors that make a deposit with an Australian authorised deposit taking institution (ADI) under that Act.

An investment in the Preference Shares is subject to investment risks which are described in Section [8] (Risk factors) of this IM, including possible delays in repayment of capital and loss of some or all of income distributions to the Preference Shares. The risks associated with an investment in the Preference Shares are different to a cash deposit or investment in an ADI.

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## ILLIQUID INVESTMENT

Recipients acknowledge that the Company issuing the Preference Shares will invest in real property, which has a long term and illiquid nature.

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## NO PERSONAL ADVICE

The information contained in this IM is general information only and is not personal financial product advice. It does not take into account the individual objectives, financial situation, needs or circumstances of any person. Investors are strongly encouraged to undertake their own due diligence in relation to the Preference Shares before making an investment. In addition, Investors should read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Preference Shares and the information contained in this IM.

Investors should not construe the contents of this IM as tax or investment advice.

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## NO REPRESENTATION OTHER THAN THIS IM

No person is authorised to give any information or to make any representation in connection with the Offer which is not set out in this IM.

This IM supersedes any other information memorandum, disclosure document or marketing materials given prior to the issue of this IM to the extent of any inconsistency. Any information or representation in relation to the Offer not contained in this IM may not be relied upon as having been authorised by the Company, the Investment Manager or their respective advisers.

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## FORWARD-LOOKING STATEMENTS

Certain information contained in this IM constitutes 'forward-looking statements' that can be identified by the use of forward-looking terminology such as 'may', 'will', 'should', 'expect', 'aim', 'anticipate', 'foresee', 'estimate', 'target', 'intend', 'likely', 'planned', 'continue', 'potential', or 'believe' or the negatives or other variations of those words or comparable terminology.

Furthermore, any projections or other estimates in this IM, including estimates of returns or performance, are 'forward- looking statements' and are based on certain assumptions that may change.

Due to various risks and uncertainties, including those set out in Section 8 (Risk factors), actual events or results or the actual performance of the Preference Shares and the Company may differ materially from those reflected or contemplated in any forward-looking statements.

The forward-looking statements included in this IM involve subjective judgement and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, or are unknown to, the Investment Manager. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, Investors are cautioned to not place undue reliance on any forward- looking statements.

Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this IM are forward- looking statements and subject to this cautionary statement.

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## PAST PERFORMANCE INFORMATION

Where this IM sets out any past performance in respect of the Company, its strategy, or other companies, funds or other investment vehicles operated or managed by the Investment Manager, Investors must not interpret that information as a representation about the future performance of the Preference Shares and the Company. Past performance is not a reliable indicator of future performance.

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## CONFIDENTIALITY

The contents of this IM are confidential. Neither this IM nor any other information provided by the Investment Manager may be disclosed to any other party, except for the purpose of obtaining independent advice in connection with the consideration of an investment in the Preference Shares, or used for any purpose other than the consideration of an investment in the Preference Shares, unless the express prior written consent of the Investment Manager is obtained. Any reproduction of all or part of this IM is strictly prohibited without the written consent of the Investment Manager, and may only be reproduced in accordance with that consent. In the event that the Recipient does not purchase Preference Shares, this IM, along with all related materials, must be returned to the Investment Manager immediately on demand.

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## SUMMARY OF KEY DOCUMENTS ONLY

This IM contains a summary of the terms of the issuance of Preference Shares in the Company and certain other material documents. However, Investors should refer to the complete legal documentation for the Preference Shares and the Company (available upon request from the Company or Investment Manager).

Investments in the Preference Shares are governed by the Constitution of the Company and associated documents and nothing in this IM limits or qualifies the powers and discretions conferred on the Company under those documents. This IM should be read in conjunction with the Constitution of the Company and associated Share Subscription Agreement. In the event of any inconsistency between the Constitution of the Company and associated documents and this IM, then the Constitution and associated documents will prevail to the extent of the inconsistency.

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## APPLICATIONS MAY BE REJECTED

The Company and Investment Manager reserve the right to evaluate any applications or subscriptions to acquire Preference Shares and to reject any or all of them (in whole or in part), without giving reasons for rejection. The Company and Investment Manager are not liable to compensate the Recipient or any Investor for any costs or expenses incurred by any person in reviewing, investigating or analysing any information in relation to the Offer, the Preference Shares or otherwise.

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## NO COOLING-OFF RIGHTS

No cooling-off applies to the issue of Preference Shares.

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## UPDATED INFORMATION

Information in this IM may change. Updated information regarding this IM may be made available by the Investment Manager; however, the Investment Manager is not required to, and may elect not to, update, supplement or replace this IM.

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## CURRENCY

In this IM any reference to currency, '\$', 'A\$' or 'AUD' is to Australian Dollars, unless otherwise indicated.

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## LANGUAGE

The primary language of this IM is English. This IM may be translated into different languages, with the consent of the Investment Manager. Any translations provided or procured by the Investment Manager are for reference purposes only. If there is any inconsistency or conflict between the English version of this IM and versions of this IM in any other language, the English version prevails.

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## IMAGES

Any photographs or images in this IM depict assets of the Allura Hills project, unless otherwise indicated. Any photographs, images, charts and diagrams in this IM are for illustrative purposes only.

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## QUESTIONS

Any questions regarding this IM should be directed to the Investment Manager, whose contact details are set out in Section 12 (Directory).



1. LETTER TO  
INVESTORS FROM THE  
INVESTMENT MANAGER

## 2. INVESTMENT SUMMARY

24 November 2023

### Dear Investors

On behalf of Tanmay Development 2 Pty Ltd (ABN 37 616 552 508) (Company) and Emerging Funds Management Pty Ltd (ABN 68 660 505 288) (EFM), we welcome and thank you for your interest in considering an equity investment in the Allura Hills project. The Company is directed by its founder, Hitendra Jagdale. The Company is the owner/developer carrying out the project to complete civil works and construct 15 town homes, located at 70-72 Old Northern Rd Baulkham Hills NSW 2153. The proposed project has received Development Approval from the Hills Shire Council. The Company will hire the builder/contractor which will undertake the construction of the buildings.

We are pleased to offer Series A Redeemable Preference Shares in the Company. The Offer is for 3,375,000 Preference Shares at an offer price of \$1.00 per Share to raise \$3,375,000 in total. The Preference Shares offer an attractive fixed return of 17.5% per annum for 2 years. The Company will redeem the Preference Shares after completion and registration and sale of the town homes.

This Information Memorandum provides an overview of the Offer, the Preference Shares, the Company and the project, including the property, its location, and the residences potentially available for sale or lease.

Construction of civil works and buildings is expected to commence by March 2024, when this equity issue completes and a construction loan from a tier one bank commences. Indicative terms are available from such a lender and line fees and interest costs are included in the total development costs shown in Section 7 of this IM.

Construction is anticipated to complete within 18 months of commencement. Once occupancy registration and a strata plan is completed, the Company intends to sell the asset. We assess the term of the Preference Share investment to be 24 months.

Upon completion of the sale of all assets, and after all debt is discharged, all of the Preference Shares issued under this Offer will be redeemed and the cumulative two-year yield paid. Please refer to section 4.5 for further details of the Preference Shares and rights and obligations attached to them.

This Information Memorandum contains important information about the Offer, along with the risks associated with investing in the Preference Shares which are outlined in Section 8 (Risk Factors).

Please read this Information Memorandum carefully and in its entirety before making a decision to invest in the Preference Shares. Consultation with a qualified financial and tax adviser is recommended to ensure that an investment in the Preference Shares suits your individual circumstances.

Kind regards



**Liminka Pather & Roger Buckeridge**

*Directors, Emerging Funds Management Pty Ltd*



## 2.1 OVERVIEW

TOPIC	OVERVIEW								
Who is the issuer of this IM?	Emerging Funds Management Pty Ltd (ABN 68 660 505 288) (EFM)								
Who is the issuer of the Preference Shares?	Tanmay Development 2 Pty Ltd (ABN 37 616 552 508) (Company)								
What is the Offer and the purpose of this IM?	This IM is issued for the offer of 3,375,000 Preference Shares at an offer price of \$1.00 per share to raise \$3,375,000 (Offer) for the purposes of funding the discharge of debt of \$3,050,000 (used to acquire two properties located at 70-72 Old Northern Road Baulkham Hills NSW 2153), and for project working capital.								
Project Name	Allura Hills								
Who manages the Company's assets?	The director of the Company manages its assets, including the equity funds to be provided by Investors under this Offer. The Investment Manager, Emerging Funds Management Pty Ltd (EFM) places the Company's Preference Shares with eligible wholesale investors. EFM is an authorised representative (# 001305976) of Quay Wholesale Fund Services Pty Ltd (ABN 55 647 044 602 AFSL No. 528526). The Investment Manager is authorised to provide general advice and dealing services to Eligible Investors. It has been appointed under the corporate authorised representative agreement with Quay to provide securities issuance and day to day monitoring of project performance, pursuant to an Investment Management Agreement with the Company.								
What is the Company's financial position?	The Company's only business activity has been to purchase the properties at 70-72 Old Northern Road Baulkham Hills NSW 2153. The Company has property assets valued at \$6,000,000 with \$3,050,000 of first mortgage debt, as at the date of this IM, and no other assets or liabilities. It is supported by a personal guarantee from its director, Hitendra Jagdale.								
Investment Objective and strategy	The properties will be developed to complete civil works and construction of residential town homes. The Company's objective is to deliver a fully completed project which can be sold to owner/occupiers or to asset owning investors for its attractive rental yield and longer term capital appreciation.								
How to invest	Applications for Preference Shares can only be made by completing the Share Subscription Agreement attached to or accompanying this IM.								
Who are the directors and key persons?	Please refer to section 3 for information on the Directors and key persons of the Company and EFM.								
Will any related party have a significant interest in the Company or the Offer?	None other than Hitendra & Jyoti Jagdale, who have a beneficial interest in 37.5% of the issued fully paid ordinary shares. No liens or caveats are held by other shareholders or lenders to the Company.								
The Company's issued capital following completion of the Offer	<table border="1"> <tbody> <tr> <td>Preference Shares</td> <td>3,375,000</td> </tr> <tr> <td>Fully paid ordinary shares*</td> <td>3,169,500</td> </tr> <tr> <td>Total shares</td> <td>6,544,500</td> </tr> <tr> <td colspan="2">* following conversion of shareholder loans of \$386,500 at November 2023</td> </tr> </tbody> </table>	Preference Shares	3,375,000	Fully paid ordinary shares*	3,169,500	Total shares	6,544,500	* following conversion of shareholder loans of \$386,500 at November 2023	
Preference Shares	3,375,000								
Fully paid ordinary shares*	3,169,500								
Total shares	6,544,500								
* following conversion of shareholder loans of \$386,500 at November 2023									

TOPIC	OVERVIEW
Structure	<p>The Investors will acquire Series A Redeemable Preference Shares in the Company that are each entitled to redemption of cost plus distributions of 17.5% of cost per annum, payable upon receipt of proceeds of sale of the town homes by the Company. The Company will not provide any assurance as to return of the cost base of the investment in Preference Shares, nor the returns. The Preference Shares will rank senior to all shares of other classes on issue or to be issued in future by the Company.</p> <p>The Company expects that construction may commence by March 2024. For more information about the Structure see Section 4</p>
Eligible Investors	Sophisticated and professional investors as defined in Section 708 of the Corporations Act.
Minimum initial investment and balance	<p>The minimum initial investment amount is \$100,000 per Eligible Investor.</p> <p>The Company will seek to sell the project assets as soon as reasonably practicable after discharge of construction debt. Distributions may be for a sale of all assets as one lot or via sale of strata titles for individual premises and a lease book from premises that are tenanted. The Company reserves the right to operate the entire Property as a leased asset for an indefinite term but will provide its best efforts to secure a buyer for the Property at fair value within two (2) years of the subscriptions to this Offer.</p> <p>For more information about the investment term, see Section 5.4 (Term of the investment in Preference Shares and exit strategy).</p>
Redemptions	The investment in the Preference Shares will be illiquid. Investors will not be able to redeem their Preference Shares unless the Company consents. It is not expected that there will be a secondary market however, with the consent of the Company, Investors may be able to transfer their Preference Shares to third parties.
Currency	<ul style="list-style-type: none"> <li>• Australian Dollars (AUD) only.</li> <li>• All amounts in this Information Memorandum are quoted in AUD.</li> <li>• The financial records of the Company will be maintained in Australian Dollars.</li> </ul>
Risks	<p>Investments in the Preference Shares are subject to varying degrees of risk. Some of the key risks of investing are:</p> <ul style="list-style-type: none"> <li>• <b>liquidity risk</b> - an investment in the Preference Shares should be viewed as an illiquid investment and there is no secondary market for Preference Shares;</li> <li>• <b>general property risks</b> - including the risk that property values decline and the risk that there is a decrease in Company income and asset valuation, resulting in a decrease in assets available for distribution to Investors after 2 years.</li> <li>• <b>specific property risks</b> - including risks associated with changes in building codes, unforeseen operating or capital expenditure, insurance risk, and new competition with respect to the Property.</li> <li>• <b>return risk</b> - investments will be made from monies raised from subscriptions for Preference Shares. The actual returns for Investors in the Preference Shares are determined only once costs and expenses have been deducted from income received (if any) by the Company.</li> </ul> <p>Refer to Section 8 (Risk factors) for more information.</p>

## 2.2 OVERVIEW

### TOTAL EQUITY TO BE RAISED

Total funds to be raised is \$3,375,000 by way of issue of Series A Redeemable Preference Shares.

### APPLICATIONS

An investment must be for a minimum of \$100,000 (unless otherwise determined by the Company at its discretion). Investors are required to nominate an application amount in the Share Subscription Agreement, as appended to the Constitution of the Company. Signed Share Subscription Agreements, together with the relevant Application Monies, must be received by the Company by the Offer close date in order to be considered for investment.

An application may be rejected by the Company at its discretion, without providing any reasons.

### ELIGIBLE INVESTORS

This Offer is only open to investment by Eligible Investors receiving this IM within Australia or a jurisdiction where it lawful to do so, and who accept the conditions of receipt of this IM.

The Investment Manager will provide quarterly reports to Investors in relation to ongoing key activities and performance of the Company.

The Investment Manager is entitled to charge a management fee and expenses out of the assets of the Company, as well as an establishment fee. All establishment and marketing expenses are also payable from the assets of the Company.

Refer to Section 7 (Financial information) for more information

### 2.3 KEY DATES

Offer opens	24 November 2023
First closing	When \$1,000,000 in subscriptions have been accepted
Final closing	Not later than 15 February 2024
* The Company and EFM reserve the right to change this timetable	

# 3. MANAGEMENT OF THE PROJECT





# THE COMPANY AND THE INVESTMENT MANAGER

## 3.1 OVERVIEW

The Investors will acquire Series A Redeemable Preference Shares issued by Tanmay Development 2 Pty Ltd (ABN 37 649 020 735). The Company has acquired the two adjacent Properties and will enter into development agreements with third parties for the civil works and commercial building construction in respect of the Properties.

Emerging Funds Management Pty Ltd (ABN 68 660 505 288) is authorised to provide general and dealing services to wholesale clients as a corporate authorised representative of Quay Wholesale Fund Services Pty Ltd (ABN 55 647 602 AFSL No. 528526) (**AFSL Holder**). Offers of the Preference Shares under this IM will be made under a corporate authorised representative agreement between the Company and the AFSL Holder. The AFSL Holder has authorised EFM to make offers to arrange for the issue of the Preference Shares under the IM.

EFM has entered into an Investment Management Agreement with the Company, under which it has been appointed as the Investment Manager for the issuance of Preference Shares by the Company. As such, EFM is responsible for monitoring investors' interests in the Company, after their funds are subscribed for Preference Shares. The Investment Manager may only be removed in accordance with the terms of the Investment Management Agreement.

## 3.2 THE COMPANY

The project management committee for the Company includes the managing director and shareholder and a senior development manager within the Tanmay Development Group, who have conceived of the project and will supervise its construction. A representative of EFM, as the Investment Manager, will be appointed to this project management committee, as an observer, with full information rights and viewing access to the Company's trust and operating bank accounts. This arrangement assures the risk management role of the Investment Manager which will continue until Investors secure their cost and returns by distributions from the Company, following construction and sale of the assets at Allura Hills.

The Preference Shares under this IM will be issued by the Company in accordance with the Offer under an intermediary agreement between the Company and the AFSL Holder under section 911A(2)(b) of the Corporations Act.

**Hitendra Jagdale** is the chief executive and director of Tanmay. He is an experienced property finance and development manager having successfully managed a boutique mortgage broking firm (2005 – 2015) and is currently involved in small property development projects (2010 – current) in the Sydney area for knock down rebuild medium density projects. Prior to 2005, Hitendra held account management roles in the plastics industry both in Australia and overseas and worked for global multinational companies, including Cabot USA and Reliance Industries in India. Hitendra has a first degree in in polymer engineering, MBA from Australian Graduate School of Management and certificates in building and construction and mortgage broking.

He is a skilled professional with a successful residential property development and project management record. He has successfully managed property development projects from concept to final product, which has included site selection, authority engagement for approvals, managing & coordinating a team of architect and consultants to development approval and towards construction certification.

Hitendra oversees tendering and contract administration with building contractors and coordinates with relevant authorities. He has the skills to see the job to completion and occupation certificate issued. Hitendra holds a Certificate IV in Building and Construction and a Master in Business Administration AGSM University of New South Wales.

### Important note: Tanmay possesses Class 2 Expertise:

Two new acts in NSW, Design and Building Practitioners Act 2020 ( DBP Act) and Residential Apartment Buildings Act 2020 (RAB) seeks to change how Class 2 and other buildings are built. Allura Hills is one of the first projects to be coordinated under this new building regime from a design perspective, where all the design is declared on the NSW planning portal and then built as per the design. Hitendra and his team of architects and consultants have developed the necessary experience to handle class 2 projects.

## EXAMPLES OF RECENT PROJECTS DIRECTED BY HITENDRA JAGDALE:



**2022**

32 x Apartments at 284-286 Taren Point Road, Caringbah – Class 2 ( Project Advisory Role)



**2020**

7 X Luxury Townhouses at 45-47 Woollooware Rd, Woollooware, NSW – Class 2



**2018**

3 X Dwellings at 16 Houston Street, Gymea, NSW – Class 1 ( Project Advisory Role)



**2015**

6 X Apartments at 27 Hart Drive, Constitution Hill, NSW - Class 2

\* Featured in API Magazine November 2015 ' A Very Big Return



**2014**

12 X Apartments at 39 Railway Street, Wentworthville, NSW – Class 2 (Project Advisory Role)

### 3.3 THE INVESTMENT MANAGER

EFM has been founded with the objective of providing a regular stream of investment opportunities for Eligible Investors in Australian property development projects via direct equity investment and by managed investment schemes. Allura Hills is an example of such a direct equity investment project that is originated by Tanmay. EFM has been contracted by the Company to undertake the placement of Preference Shares issued by it and to monitor project execution on behalf of the Investors.

#### EFM EXECUTIVES

**Surendra Pather** is co-founding partner of Emerging Funds Management Pty Ltd. Suren has a particular focus on property funds. He is the founder of the SUMO Group of Companies and is very active in business development of property and business services projects in Australia and overseas. Suren has over 30 years of experience in the financial services industry. He was the chairman of SUMO SIV Pty Ltd, the responsible manager of two SUMO SIV-managed funds.

Over a career of more than 25 years as a financial adviser, Suren has managed and advised clients on a range of asset classes for projects exceeding A\$5 billion. He previously established a full multi-disciplinary practice of lawyers, chartered accountants, and financial planners. Prior to this, he worked as a corporate tax consultant at PricewaterhouseCoopers. Suren holds bachelor's degrees in Law and a triple major in Economics (with Honours) from Sydney University. He is also a certified financial planner and is a Fellow of the Financial Planning Association of Australia (FPA). He has served as an independent board member of numerous entities including Asteron Life and the Australian Society of Anaesthetists. His involvement with the Financial Planning Association of Australia includes Chairman of CFP 4 Education Program and Examiner for the CFP Program.

**Rajeev Shirodkar** is a partner of Emerging Funds Management Pty Ltd. Rajeev is a respected business professional within the accounting and finance industry in Australia and India. Rajeev's background is in the specialties of finance, accounting, operational planning, international and domestic business development, strategic alliances, business growth and venture capital raising.

Rajeev commenced his career with Westpac Bank, working with them for 6 years, then moving into audit of banking and finance with Ernst and Young. Rajeev's services thereafter were engaged by Green and Gold IT for a period of 7 years, until the business was sold to a larger enterprise.

Rajeev and his company Green and Gold Finance have organised loans from \$10,000 to \$100 million to various customers over the last 10 years. He has over 1000 customers and a growing book. His outsourced CFO services have helped many organisations, for example Oleum Energy, which has grown from \$5 million to \$95 million revenue with his assistance.

**Dr Roger Buckeridge** is partner and a director of Emerging Funds Management Pty Ltd. Roger has been a leading unlisted equity funds manager in the Asia Pacific region for 38 years and has been a partner & director and Responsible Manager under various Australian Financial Services Licences since 2004. One of these fund managers and responsible entities invested \$280 million of institutional venture capital funds in some 60 early-stage technology-based businesses, between 1997 and 2013. During his career as an investment fund manager, Roger has served on listed company boards (ASX and TSX) and provided extensive consulting services to enterprises and government. Earlier, he served 6 years as a management consultant at McKinsey & Company, in the US, Asia and Australia. He holds a PhD degree in Chemistry.

In addition to EFM, Roger currently serves as a director of Aurora Solar Technologies Inc (ACU: TSX-V, at North Vancouver, Canada) and its subsidiary BT Imaging Pty Ltd (at Sydney, NSW and Jiaying, PRC); a director of IRT Resources Technology Pty Ltd (at Sydney, NSW); a director of Sapien Capital Partners Limited (at Sydney, NSW); and a director of Triumph Capital International Pte. Ltd. (an MAS-registered funds management company in Singapore).

**Liminka Pather** is an associate director of Emerging Funds Management Pty Ltd. She assisted the Vedanta Academy in Pune, India with capital raising for the completion of their building projects. After working in Sydney as a paralegal while studying law, she completed her bachelor's degree in Politics, Philosophy and Economics from the Australian National University (ANU). Liminka has undertaken her Real Estate Certificate to further develop her skills in property development, while at the same time assisting start-up businesses with capital recruitment.

**Christoffer Bjerregaard** is EFM's business analysis and information systems manager. Holder of a Master of Science degree in economics and management from Aarhus University, Denmark and a BSc in Social Sciences in business administration from Roskilde University, Denmark, Chris operates at the intersection of business analytics, data science and programming. He addresses diverse challenges via data analytics, process engineering and future focused technology. Chris is also a sub-authorised representative of EFM.

Before relocating to Australia in 2022, he served as Business Controller at Amgro, Denmark. Amgro is a for-profit medical wholesaler owned by the Danish government. Amgro is tasked with procuring medicine and a selection of medical equipment for the Danish hospitals, leveraging national buying power to negotiate contracts with favourable pricing.

EFM's capital recruitment and distribution team is sub-authorised by EFM under its corporate authorised representative agreement with Quay Wholesale Fund Services Pty Ltd. Current team members are **Walter Kaminski, Adam Rakowski, Joanne Nguyen, Azam Ahsan, Sam Kennedy, Harvi Chugh, and MZ Syed.**



# 4. DETAILS OF THE OFFER



## 4.1 THE OFFER

The Offer comprises a total of 3,375,000 Preference Shares. All Preference Shares will be of the same class and each carry one vote upon conversion to ordinary shares.

The Preference Shares will be at the Offer Price of \$1.00 per Preference Share.

## 4.2 MINIMUM INVESTMENT

The minimum investment amount for each Investor under the Offer is \$100,000.

The Investment Manager may recommend to the Company that it accept subscriptions below the minimum investment at its discretion provided the Investor is an Eligible Investor.

## 4.3 KEY DATES

Offer opens	24 November 2023
First closing	Upon subscription of at least \$1,000,000
Final closing	Not later than 15 February 2024
* These are indicative dates only. The Company and EFM may change these dates.	

## 4.4 WHAT ARE PREFERENCE SHARES

The class of shares to be issued by the Company are Series A Redeemable Preference Shares. They will each carry the right to an annual return preference of 17.5% which may be deferred by the Company until the completion of the project and sale of the 15 town home assets of the Company.

Class of shares	Right to receive notice of and to attend any meeting of the Company's members	Right to vote at meetings of members of the Company	Right to dividends	Upon winding up right to repayment of capital paid upon Preference Shares
Series A Redeemable Preference Shares	Yes	Yes, one vote per share in a class vote of Preference Shareholders; and if converted to ordinary shares, at a 1 for 1 conversion ratio, to vote with all shareholders of that class	17.5% per annum, independent of income of the Company	First priority with respect to ordinary shareholders and any other class of shares*

\* The rights of secured and unsecured creditors will rank in priority to the rights of the holders of Preference Shares.



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## 4.5 TERMS ATTACHED TO THE PREFERENCE SHARES

### (A) DISTRIBUTIONS OF RETURNS

The Company expects that it will not generate revenue until the sale of the completed residential town homes, which will be used first to repay the debt facility of the Company. Any proceeds from the sale of assets then will be distributed non-preferentially by the Company to its Preference Shareholders, to redeem cost and pay cumulative returns at 17.5% of cost per annum, on a pre-tax basis. Most of the distribution to Investors is likely to occur on completion of the build and sale of town homes.

All distributions must be paid directly into an Australian bank or an account with a financial institution (where there is a branch in Australia). Distributions will not be paid by cheque.

The Investment Manager will provide Investors with a distribution statement from the Company for each distribution payment made which will summarise the components of the distribution and may include a return of capital.

Distributions are dependent on the Company generating returns from the sale of the property assets including any development of those assets. None of the Investment Manager, or its related parties, officers, employees, consultants, advisers or agents guarantees the payment of, or amount of, any distribution.

### (B) VOTING RIGHTS

All Preference Shares each carry one vote per Preference Share when voting in a class vote of Preference Shareholders. When Preference Shares are converted to ordinary shares, the converted ordinary shares will each carry one vote. However, when converted to ordinary shares the preferential dividend and seniority of distributions and right of redemption of investment cost terminates. In certain circumstances, the conversion ratio may be greater than 1:1. See section 5.5.

### (C) WHEN WILL THE COMPANY REDEEM MY PREFERENCE SHARES?

The Preference Shares will be illiquid and the Company will not hold surplus cash to manage any buybacks or redemptions during the term of the project. While the Company does not intend to provide for any redemption or withdrawal facility to be available during the term, any request for withdrawal will be considered at the discretion of the Company, following receipt of advice by EFM.

It is not expected that there will be a secondary market, however, Investors may with the consent of the Company be able to transfer their Preference Shares. The Company will not consent to the transfer where, without limiting other matters:

- a. the intended transferee is not an Eligible Investor; or
- b. the Company considers the transfer will for any reason have an adverse impact on the Investors, the Company's assets or the Company.

The Company does not intend to provide for any buyback or withdrawal facility to be available during the term of the project, but any request for withdrawal will be considered at its sole discretion.

### (D) WIND UP RIGHT

If the Company is wound up, Preference Shareholders will be repaid their capital and any accrued distributions of returns after money owing to creditors has been paid; but before any money is paid to

ordinary shareholders in the Company. No other right to participate in surplus assets is held by Preference Shareholders, unless they elect to convert to ordinary shares.

### (E) REPORTING

Investors will receive the following reports about their Preference Share investments in the Company:

- a. a confirmation statement following the allotment of Preference Shares under the Offer;
- b. distribution statements for each distribution payment (if any);
- c. a report setting out the performance and operation of the Company each quarter, including progress updates on the property and relevant market conditions;
- d. a project completion letter and report; and
- e. an annual tax statement, which will summarise the distributions paid/ payable in respect of that income year (if any).

The above reports may, with the agreement of the Investor, be delivered electronically.

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## 4.6 PURPOSE OF THE OFFER

The Company is seeking equity finance to replace loans on two properties which are to be developed into 15 town homes in a project that is expected to complete within 24 months, and to provide working capital for funding project expenses.

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## 4.7 USE OF THE FUNDS

The Company's intended use of funds received from the Offer is described in section 7

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## 4.8 HOW TO INVEST

- The Offer is only open to Eligible Investors.
- Subscription for Preference Shares can only be made by executing a Share Subscription Agreement attached to or accompanying this IM.
- The Company's bank trust account details for direct credit for subscription money is contained in the Share Subscription Agreement or as advised by the Company.
- An application, together with the payment of the Application Monies, cannot be withdrawn (unless the Company agrees) and constitutes a binding application for the amount specified in the Share Subscription Agreement, or a lesser amount as determined by the Company, on the terms set out in this IM.
- Share Subscription Agreements must be received by the relevant Offer close date.
- The Company retains discretion to reject an application in whole or in part.
- Applications to invest in the Preference Shares that are accepted will be processed and the Company will provide a confirmation of Preference Shares issued.

It is important that an Investor reads this entire IM and considers consulting with its financial or other professional adviser, before deciding to apply for Preference Shares.

Investors, please note that:

- the minimum investment amount is \$100,000, unless the Company otherwise determines in its discretion to accept a lower amount;
- the Offer is expressly restricted to Eligible Investors. By lodging an application in respect of the Offer contained in this IM, the Investor declares and warrants to the Company that they are and will remain an Eligible Investor; and
- the Company may require further information or documents from an Investor at any time in order to satisfy obligations under anti- money laundering and counter terrorism financing legislation or other legislation affecting the Company or the Investment Manager.

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## 4.9 ALLOTMENT OF PREFERENCE SHARES

Preference Shares will generally be issued (in respect of applications which have not been rejected by the Company acting in its absolute discretion) within ten Business Days after the Offer close date.

If the Offer is over-subscribed, the Company, on the recommendation of the Investment Manager, may issue less than the number of Preference Shares applied for, or reject any application in its absolute discretion. In either case, the Company will refund any surplus Application Money to the applicant (without interest) as soon as practicable after the relevant Offer close date.

The Company may issue Preference Shares prior to the relevant Offer close date. Where it does so, all Preference Shares will rank equally in all respects.

Pending the issue of Preference Shares, Application Money will not accrue interest for applicants.

# 5. COMPANY OVERVIEW



## 5.1 CORPORATE INFORMATION

### SHAREHOLDING IN THE COMPANY

Tanmay Development 2 Pty Ltd (ABN 37 616 552 508) was established for the purpose of acquiring the properties and to develop them for the current approved use, being residential town homes. All contracts have and will be entered into by the Company.

Its sole Director and company secretary is Hitendra Jagdale. Issued share capital will be \$3,169,500 at the first closing of this offer. The present ordinary shareholders of the Company are listed in the table below:

Tanmay Development 2 Pty Ltd ACN 616 552 508 ordinary share ownership	Shares on issue 2021	New Shares Nov 23	Total	
SOHAM FINANCE PTY LTD 44 CENTENARY AVENUE , NORTHMEAD NSW 2152	695,750	96,625	792,375	25.0%
JAGDALE , HITENDRA JAYSINH 44 CENTENARY AVENUE , NORTHMEAD NSW 2152				
JAGDALE , JYOTI HITENDRA 44 CENTENARY AVENUE , NORTHMEAD NSW 2152	347,875	48,313	396,188	12.5%
BADHE , ADITI SITARAM 45 CENTENARY AVENUE , NORTHMEAD NSW 2152				
SURVE , PRASAD SURESH 45 CENTENARY AVENUE , NORTHMEAD NSW 2152	347,875	48,313	396,188	12.5%
WOLFCRUZ PTY LTD UNIT 312 , 30 ATCHINSON STREET, ST LEONARDS NSW	347,875	48,313	396,188	12.5%
G. & S. RAO PTY LIMITED 108 OLIVETT STREET , GLENBROOK NSW 2773	347,875	48,313	396,188	12.5%
RARF INVESTMENTS PTY LTD 11 PODARGUS PLACE , INGLEBURN NSW 2565	695,750	96,625	792,375	25.0%
	<b>2,783,000</b>	<b>386,500</b>	<b>3,169,500</b>	<b>100.0%</b>

Under the current shareholders agreement all shareholders have voting rights. The sole director, Hitendra Jagdale, has the veto if there is not unanimity. All shareholders have consented to the placement of Preference Shares as described in this IM. Post investment by the Investors in the Preference Shares, the issued share capital of the Company will be increased by \$3,375,000 to \$6,544,500.

The Preference Shares will have a liquidation preference for return of invested capital in the Company and any accumulated unpaid dividends, ranking before ordinary shareholders and after the creditors of the Company (including the first mortgage-holding construction loan provider).

#### DEBT FACILITY

The Company will contract with a lender to provide approximately \$9.2 million in construction finance. All amounts due to the lender must be paid out before any distribution to Company shareholders. The lender and terms will be determined before Preference Shares are issued under this Offer. The lender will require a guarantee from Hitendra and Jyoti Jagdale. EFM has sighted satisfactory statements of assets and liabilities provided by Mr and Mrs Jagdale.

Under the anticipated construction finance agreement between the lender and the Company, the Company expects to and must maintain a Loan to Value Ratio (LVR) of less than 65% at all times.

The Investment Manager expects that the use of funds to pay out a land loan of \$3,050,000, following issuance of Preference Shares of the Company will result in an LVR less than 65%, assuming no project cost overruns or variations beyond agreed contingency reserves.

#### BUILDER

The Company has not yet contracted with a builder to construct the civil works and the buildings. Two builders have been shortlisted and an appointment will be made before Preference Shares are issued under this Offer.

#### 5.2 INVESTMENT RISK MANAGEMENT

The Investors are invited to invest through ownership of Preference Shares issued by the Company that owns the properties. The Company will complete civil works and building construction, and sell strata titles and enter into leasehold agreements prior to and following practical completion and certification for occupancy.

#### 5.3 ASSET VALUATIONS

The Investment Manager may procure third parties to value the Property or other Company assets from time to time. The costs of such valuations will be paid by the Company.

#### 5.4 TERM OF THE INVESTMENT IN PREFERENCE SHARES AND EXIT STRATEGY

The Company intends to construct the facilities during an 18 month build phase and then sell the 15 town homes soon thereafter, and in less than 2 years. Investors in the Preference Shares will in aggregate receive distributions of 17.5% of cost per annum and their cost base once sufficient of the town homes have been sold to discharge the construction loan and then redeem the Preference Shares and pay their accumulated unpaid return.

The Company does not intend to facilitate redemptions or transfers of Preference Shares throughout the two year build and sale phase.

#### 5.5 RISK MANAGEMENT

To assist Investors' interests, as shareholders, in governance of the Company and the project, the Investment Manager may mitigate risk through its information and observer rights for meetings of directors of the Company and for all project manager and sales & marketing team meetings for the Allura Hills project. The Investment Manager will also have continuous viewing rights over the bank trust and operating accounts of the Company and any transactions with lenders to the Company. The Investment Manager may call upon the Company to prepare an independent audit of its accounts upon one month's notice.

Should an event occur which prevents the project completing as planned, then the Preference Share terms allow for conversion into ordinary shares at a conversion ratio that enables the Investors as a group to vote a majority of ordinary shares in a variety of downside circumstances. Essentially conversion by the Investors

would cause them to surrender their redemption right and priority in distributions and they would then need to have recourse to the assets of the Company through the Shareholders Agreement and the Constitution of the Company.

## 6. PROPERTY INFORMATION



## 6.1 LOCATION

70-72 OLD NORTHERN ROAD, BAULKHAM HILLS, NSW 2143



- Baulkham Hills is a popular locality situated in Sydney's Hills (Northwestern) Suburbs; and which lies some 32 kilometres northwest of the Sydney CBD and approximately 8 kilometres to the north of the Parramatta CBD.
- Baulkham Hills traditionally comprised a mix of low-to medium-density housing generally; with (higher density) apartment and townhouse complexes having been completed or under construction in recent years, particularly in the environs of transport hubs.
- Immediately surrounding development to the subject is predominantly characterised by low density residential dwellings and townhouse complexes interspersed.
- Neighbourhood shopping facilities can be found along nearby Old Northern Road, approximately 300 metres or so to the south of the subject property. More extensive sub- regional shopping facilities are situated some 3.7 kilometres to the north at Castle Hill (Castle Towers).
- Castle Hill's commercial area centres on a section of the Old Northern Road at the suburb's eastern side. Its southern side is an older, traditional shopping strip, with the modest-sized Castle Mall shopping centre. Its northern side is dominated by the large Castle Towers shopping centre.



- The Sydney Metro Northwest has been in operation since May 2019. Castle Hill and Baulkham Hills are well-served by private buses such as Hills bus which provides express services to Sydney CBD, as well as Parramatta, Pennant Hills, West Pennant Hills, Beecroft, Dural, Hornsby, Macquarie Park, Rouse Hill & Cherrybrook.
- Old Northern Road is a bitumen sealed carriageways with concrete kerbs, gutters and concrete footpath areas with high volumes of traffic. No kerbside parking is available along either side of Old Northern Road.
- Bus transport is located along Old Northern Road, Windsor Road and Cross Street; whilst rail transport is available at Norwest and Castle Hill.



## 6.2 VALUATION



Registered Real Estate Valuers, Property Consultants & Advisors

ABN: 57159211186

### EXTRACT OF VALUER'S REPORT JULY 2023

<b>Basis of valuation</b>	<b>Valuation 1</b>
	"As is" current market site value with existing DA for the demolition of existing structures and the construction of a multi dwelling development including the construction of 15 dwellings over basement car parking and associated site works under the State Environmental Planning Policy (Affordable Rental Housing) 2009 (Exclusive of GST).
	<b>Valuation 2</b>
	Gross realisation value "as if complete" assuming an individual sales basis (Inclusive & Exclusive of GST).
<b>Valuation approaches</b>	Site Value "As Is" – Direct Comparison Gross Realisation "As If Complete" – Direct Comparison.
<b>Land description and existing improvements</b>	The property comprises of two adjoining, near regular shaped allotments situated on the western alignment of Old Northern Road and located within close proximity to local neighbourhood amenity and bus transport facilities. The site is currently improved with two older style, single storey rundown weatherboard and terracotta tile roof freestanding residential dwellings. The highest and best use of the land is considered to be as per the DA consent for a residential (medium density) redevelopment site.
<b>Title details/ registered proprietor</b>	Lot 19 in Deposited Plan 207079 Lot 130 in Deposited Plan 730778. The registered proprietor is Tanmay Development 2 Pty Ltd.
<b>Approved project details</b>	A Development Application (case number 2019/00163049 of DA No. 1032/2019/JP) was approved by the Land and Environment Court on the 16th of September 2020 for the 'demolition of existing structures and the construction of a multi dwelling development including the construction of 15 dwellings over basement car parking and associated site works under the State Environmental Planning Policy (Affordable Rental Housing) 2009' subject to conditions in Annexure A'. A Section 4.56 Modification (1032/219/JP/A) was submitted on the 25th of August 2021 and approved by The Hills Council on the 11th of August 2022 for minor modifications of the Court Approved consent.

### EXTRACT OF VALUER'S REPORT JULY 2023

The proposed dwelling mix comprises of the following:

- One x two bedroom + one bathroom dwelling;
- Three x two bedroom + two bathroom dwellings;
- Two x three bedroom + two bathroom dwelling;
- Eight x three bedroom + three bathroom dwellings;
- One x four bedroom + three bathroom dwellings.

The total net saleable residential area is 1,538m<sup>2</sup> or an average internal size of 102.51m<sup>2</sup>.

*A separate strata subdivision application is required.*

<b>Land area</b>	A total of 2,942 square metres by registered Deposited Plan and Site Survey.
<b>Town planning</b>	The site is currently zoned "R3 Medium Density Residential" pursuant to The Hills Local Environmental Plan 2019. There is no permissible FSR control however, there is a building height limit of 9 metres.
<b>Major issues</b>	<ul style="list-style-type: none"> <li>• The subject site was approved under the Affordable Rental Housing SEPP 2009 with 4 dwellings (units 12, 13, 14 &amp; 15) being allocated as Affordable Housing Units, which will require a restriction as to user for a period of 10 years (from the date of the Occupation Certificate being issued) and managed by a registered community housing provider.</li> <li>• Ingress/egress into the subject property is on a 'left in left out' basis, which may deter some buyers of the proposed units. I have considered this in my assessment of values.</li> <li>• The subject is a well-located development site, positioned within close proximity to local neighbourhood (convenience based) shopping amenities.</li> <li>• The Valuer has been advised by local agents that there are only a few townhouse developments proposed that offer basement car parking within the suburb of Baulkham Hills.</li> <li>• The proposed dwellings benefit from direct internal access (which is preferred), which would broaden the buyer depth to both an older established families and younger age demographic.</li> <li>• The subject site provides for a moderately sloping topography from the Old Northern Road frontage down to the rear boundary. The approval does not require an easement over downstream properties however, the owners are required (as per the LEC approval) to relocate the existing easement, as it traverses through the centre of the site and to be diverted to the southern boundary. This has now been approved by Transport for NSW.</li> <li>• A review of Cordell's Development register for the Baulkham Hills, Norwest Business park, Norwest and Bella Vista locality indicates that approximately 360 (medium density) dwellings (across 8 projects) and 734 units (across 10 projects) are either DA Approved, DA Submitted, DA Refused, Under Construction and Planning Proposal Submitted. The Valuer notes that the supply within Baulkham Hills is relatively low which is considered a positive.</li> <li>• The Valuer would consider the site to be saleable within a 2–3-month marketing campaign which would attract good interest from local developers/builders.</li> </ul>



**Affordable housing**

- The Valuer notes that as part of the DA consent for 10 years from the date of the issue of the occupation certificate, 4 dwellings must be used for the purposes of affordable housing and all accommodation that is used for affordable housing must be managed by a registered community housing provider. A restriction must be registered, before the date of the issue of the occupation certificate, against the title of the property in accordance with section 88E of the Conveyancing Act 1919 that will ensure the requirements of this condition are met.
- The State Environmental Planning Policy (Affordable Rental Housing) (AHSEPP) was introduced on 31 July 2009 to increase the supply and diversity of affordable rental and social housing throughout NSW. The AHSEPP promotes infill affordable rental housing in existing residential areas that are accessible by public transport.
- Affordable rental housing is housing for very low, low and moderate income earning households. This includes people who work full- or part-time in lower paid jobs, where their household income is not high enough to pay market rent in the area in which they live and/or work. This is sometimes the case even for people working full-time in an essential service such as a police officer, a nurse or a child care worker, particularly if they are just starting out in their career or supporting a family on only one income
- Affordable rental housing may be owned by private developers or investors, local governments, charitable organizations or community housing providers.
- Affordable housing rental is typically between 20% and 25% below the market rent.
- The discount % for affordable housing units (against non affordable housing) is typically from 8% to 10% of the market value, with this % acknowledging the present value of the rental shortfall for a period of 10 years.
- The Valuer has assessed the value of the subject affordable housing units having regard to the % discount factor noted herein.



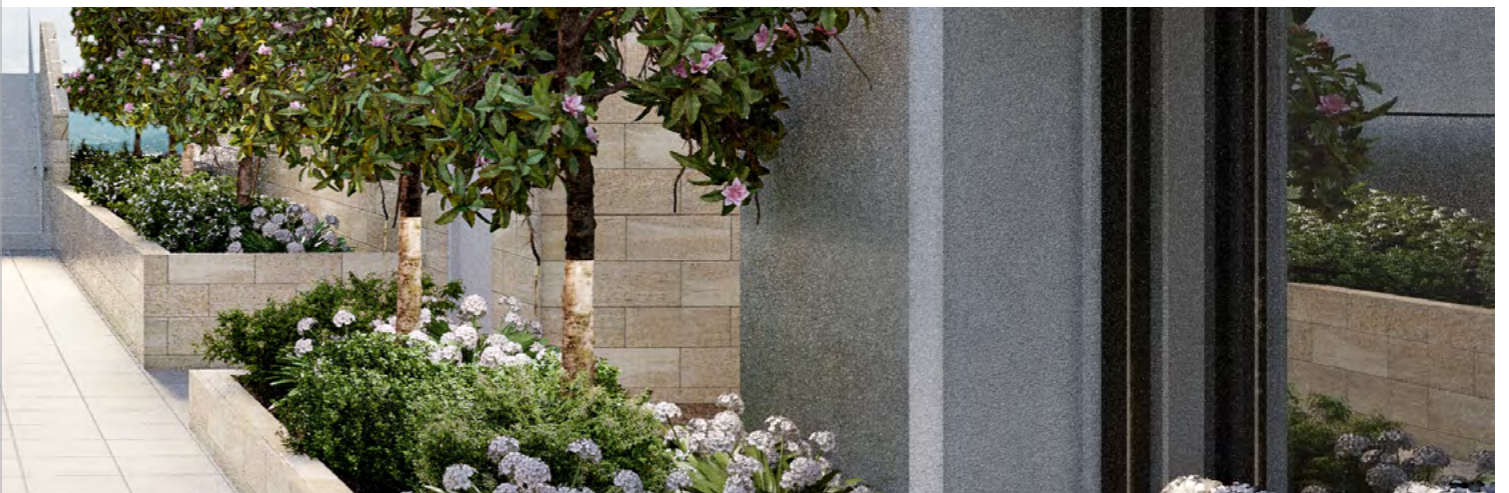
**Market commentary**

- 2022 saw the real estate sector grappling with the challenges of trying to catch up post COVID, but hampered by costs of construction, labour skills shortages and productivity losses never before seen, due to weather, and tightening economic conditions.
- The strength of the residential market is closely tied to the overall strength and confidence within the Australian domestic economy. Should any forecast of unfavourable business and/or consumer confidence prevail, this can impact property values with historical events demonstrating decline in property/asset values.
- The subject product aims for a predominately first home buyer (owner occupier) and local downsizer target market.
- The recent successive interest rate rises (May 2022 to June 2023 with a current RBA rate of 4.10 %) and the increase in construction costs (due to inflation as a result of COVID-19, the Ukraine War and increase labour costs) may further weaken the real estate market. The Valuer notes that the RBA Governor has indicated that further lifts in interest rates are expected over the period ahead (to curb inflation), notwithstanding the current historically low levels.
- The subject product aims for a predominately first home buyer (owner occupier) and local downsizer target market.
- The recent successive interest rate rises (May 2022 to June 2023 with a current RBA rate of 4.10 %) and the increase in construction costs (due to inflation as a result of COVID-19, the Ukraine War and increase labour costs) may further weaken the real estate market. The Valuer notes that the RBA Governor has indicated that further lifts in interest rates are expected over the period ahead (to curb inflation), notwithstanding the current historically low levels.
- The residential market in Sydney witnessed increased activity and recovery in sales volumes in 2022, however more recently, these favourable market conditions (as at the date of this report) have softened, with more subdued conditions at present.
- Leading real estate agents & professionals have indicated that the sentiment for residential stock is strongest in areas where quality of location and product is evident and new price point driven stock. The subject fits within the latter category.

**Sales history**

Public records indicate that the subject properties were last traded in February 2018 at a combined sale price of \$3,600,000.

The Valuer has not sighted (nor is aware of) any more recent contracts of sale for the subject site.



## EXTRACT OF VALUER'S REPORT JULY 2023

<b>Date of valuation</b>	21 July 2023.
<b>Date of Inspection</b>	21 July 2023.
<b>Market value</b>	<p><b>Valuation 1</b></p> <p><b>\$5,250,000</b> "As is" current market site value with existing DA for the demolition of existing structures and the construction of a multi dwelling development including the construction of 15 dwellings over basement car parking and associated site works under the State Environmental Planning Policy (Affordable Rental Housing) 2009 (Exclusive of GST).</p> <p><b>Valuation 2</b></p> <p><b>\$20,980,000</b> Gross realisation value "as if complete" assuming an individual sales basis (Inclusive of GST).</p> <p><b>\$19,400,000</b> Gross realisation value "as if complete" assuming an individual sales basis (Exclusive of GST).</p>
<b>Valuer</b>	Isabelle Eltakchi AAPI (No.102346) Certified Practising Valuer
<b>Director</b>	Danny Sukkar AAPI (No.68873) Director

### 6.3 DUE DILIGENCE

Before any Preference Shares are purchased by Investors, the Investment Manager has sighted or will sight:

- ASIC register and Constitution (as amended) of Tanmay Development 2 Pty Ltd (ABN 37 616 552 508)
- Land register for properties;
- Loan agreement terms and executed guarantee by the director of Tanmay;
- Pro-forma Share Subscription Agreement for Preference Shares issued to Investors by the Company;
- Development agreement between Tanmay and the builder;
- Insurance policies held by the developer, Tanmay, and the builder.

### 6.4 THE PROPOSED DEVELOPMENT



The subject dwellings are to be configured across three blocks. Block 1 comprising of seven dwellings, Block 2 comprising of two dwellings and Block three comprising of six dwellings over basement car parking.

A common driveway is provided via the Old Northern Road frontage, which provides access to the basement parking. Each dwelling has a front entrance and rear patio/courtyard area.

The project dwelling schedule is summarised as follows:

Red text represents Affordable Housing Units.

Lot no.	Level	Type (b/r)	GF	L1	Total	POS	Total	Car m2	Storage	Type/ Aspect/ Comments
1	G&1	3 Bed	59.20	48.60	107.80	43	150	55	0	3 br, 3 bath/NE/ Corner unit/ Faces Old Northern Road
2	G&1	3 Bed	58.20	48.50	106.70	44	150	49	0	3 br, 3 bath/ NW/Situated in the middle
3	G&1	3 Bed	59.00	49.00	108.00	43	151	35	6	3 br, 3 bath/ NW/Situated in the middle
4	G&1	3 Bed	58.90	48.50	107.40	43	150	47	0	3 br, 3 bath/ NW/ Situated in the middle
5	G&1	3 Bed	58.40	48.50	106.90	43	150	45	0	3 br, 3 bath/N/ Situated in the middle
6	G&1	3 Bed	58.20	48.60	106.80	42	149	44	0	3 br, 3 bath/N/ Situated in the middle
7	G&1	3 Bed	42.80	36.70	79.50	30	110	49	0	2 br, 2 bath, P'wd/N/Situated in the middle
8	G&1	3 Bed	69.30	53.70	123.00	27	150	33	7	3 br, 3 bath, P'wd/N/ Situated in the middle
9	G&1	3 Bed	72.10	34.70	106.80	86	193	45	0	3 br, 2 bath, P'wd, Study/ NW/ Situated towards the rear
10	G&1	3 Bed	65.70	42.90	108.60	57	165	36	7	3 br, 3 bath/NW/Situated towards the rear
11	G&1	4 Bed	62.90	53.30	116.20	54	170	35	3	4 br, 3 bath/W/Situated in the middle
12	G&1	3 Bed	63.40	39.70	103.10	38	141	38	0	3 br, 2 bath/W/ Situated in the middle/ Affordable Housing
13	G&2	2 Bed	53.30	38.50	91.80	38	130	19	6	2 br, 2 bath, P'wd/ W/ Situated in the middle/ Affordable Housing
14	G&3	2 Bed	46.80	38.90	85.70	32	118	13	14	2 br, 2 bath, P'wd/SW/ Situated in the middle/ Affordable Housing
15	G&1	2 Bed	42.60	36.70	79.30	22	101	24	0	2 br, 1 bath, P'wd/SW/ Faces Old Northern Road/ Affordable Housing
<b>Total</b>			<b>871</b>	<b>667</b>	<b>1,538</b>	<b>640</b>	<b>2,178</b>	<b>567</b>	<b>43</b>	

**Two bedroom dwellings generally provide for the following accommodation:**

- Bedroom 1 (fit with an ensuite and built-in robes);
- Bedroom 2 (fit with built in robes);
- Two bathrooms (except for dwelling 15 – provides for one bathroom);
- Powder room;
- Laundry;
- Living/dining area;
- Kitchen.

**Three bedroom dwellings generally provide for the following accommodation:**

- Bedroom 1 (fit with an ensuite and built-in robes);
- Bedroom 2 (fit with built in robes);
- Bedroom 3 (fit with built-in robes);
- Three bathrooms (except for dwellings 9 & 12 – provides for two bathrooms);
- Powder room;
- Laundry;
- Living/dining area;
- Kitchen.

*Note that dwelling 9 provides for a study.*

**Four bedroom dwellings generally provide for the following accommodation:**

- Bedroom 1 (fit with an ensuite and built-in robes);
- Bedroom 2 (fit with built in robes);
- Bedroom 3 (fit with built-in robes);
- Bedroom 4 (fit with built-in robes);
- Three bathrooms;
- Powder room;
- Laundry;
- Living/dining area;
- Kitchen.



The architectural plans provided by Tanmay are outlined as follows:

<b>Footings and floor slab</b>	Reinforced concrete to ground floor and first floor slabs.
<b>External walls</b>	Each townhouse externally will comprise of brick Veneer walls with rendered / painted finish; and low pitched (assumed metal sheet) roofs with box gutters.
<b>Internal walls</b>	Plasterboard wall linings and painted over stud frame for internal unit walls. Assumed concrete block to inter-unit walls.
<b>Ceilings</b>	Plasterboard.
<b>Windows &amp; doors</b>	Powder coated aluminium framed doors and windows; aluminium louvers.
<b>Roof</b>	(Low pitched) timber framed with (assumed) metal sheet cladding.
<b>Living area and bedrooms</b>	<ul style="list-style-type: none"> <li>• Timber flooring;</li> <li>• Downlights;</li> <li>• Painted skirtings / surrounds;</li> <li>• Built-in robes with aluminium frames.</li> </ul>
<b>Kitchen</b>	<ul style="list-style-type: none"> <li>• Tile floors;</li> <li>• Tile splashback;</li> <li>• Franke 5 burner gas cooktop;</li> <li>• Franke rangehood;</li> <li>• Franke electric cooktop;</li> <li>• Franke microwave;</li> <li>• Franke integrated dishwasher;</li> <li>• Double bowl stainless steel sink;</li> <li>• Brushed nickel sink mixer;</li> <li>• Drainer tray;</li> <li>• LED strips under kitchen cabinets;</li> <li>• Polyurethane joinery.</li> </ul>
<b>Bathroom &amp; ensuites</b>	<ul style="list-style-type: none"> <li>• Parisi w/c;</li> <li>• Frome stone top basins;</li> <li>• Decina freestanding bath;</li> <li>• Parisi wall mixer;</li> <li>• Parisi divert mixer;</li> <li>• Parisi shower mixer;</li> <li>• Parisi hand shower on rail;</li> <li>• Parisi shower rose;</li> <li>• Parisi ceiling arm;</li> <li>• Parisi toilet roll holder;</li> <li>• Parisi single and double towel rail;</li> <li>• Mirror;</li> <li>• Tile walls;</li> <li>• Tile floors;</li> <li>• Downlights.</li> </ul>

**Building Services**

- Electricity, reticulated water, sewerage, gas and telephone services are available for connection upon completion of the development.
- A basement level, with a traditional car ramp from Old Northern Road. A total of 29 including 3 visitor spaces and 1 accessible space.
- Garages with (security) motorised roll-a-door;
- Security intercom/entry phone system;
- Hi-speed phone and data cabling;
- LED downlights throughout.
- Laundry with washtub & wall mount washing machine taps.
- Ducted air conditioning unit to living areas;
- Hot water system with individual metering.
- Concrete sealed driveways and hard and soft landscaping generally.
- Ceramic tile based private courtyards/patio.



# 7. FINANCIAL INFORMATION



## 7.1 APPLICATION OF FUNDS

The application of funds paid into the Company is (i) to replace debt of \$3,050,000 used to purchase the two existing properties with equity; and (ii) provide \$325,000 reserve for paying project expenses and overheads during the 24 month term for the Redeemable Preference Shares.

## 7.2 INTERNAL RATE OF RETURN FOR INVESTORS

The Company, with support from the Investment Manager, aims to deliver to Investors an internal rate of return (IRR) of over 15% per annum (pre-tax).

The table below contains information that is predictive in character. The information may be affected by inaccurate assumptions or by known or unknown risks or uncertainties and may differ materially from the results ultimately achieved by the Company.

### Allura Hills

70-72 Old Northern Road, Baulkham Hills,  
NSW

15 townhouses

Tanmay Development 2 Pty Ltd  
ABN 37 616 552 508 ("Company")

excl GST

GRV	\$20,980,000	\$1,398,667 per unit
less GST	\$1,580,000	
less sales costs	\$378,000	
NRV	<b>\$19,022,000</b>	
Land purchase	\$2,200,000	
Land acquisition equity after RPS issue	\$3,050,000	current loan
holding, approval and council costs	\$600,000	
2 houses demolished	\$150,000	
Tanmay equity before construction starts	\$6,000,000	
Construction (incl warranty)	\$9,200,000	18 months
professional fees	\$150,000	
finance cost	<b>\$959,979</b>	
Pre-tax profit	<b>\$2,712,021</b>	
drawdown senior construction loan at peak	\$9,200,000	
interest at 7.5% for 18mth	\$660,211	
line fee	\$299,768	
finance cost	\$959,979	
Company equity upon construction start	\$6,000,000	
Loan first mortgage incl interest and fees	\$10,159,979	24 mth build/sale
LVR	62.9%	15/12/2023
		-
		15/02/2024
		-\$1,175,000
		15/02/2026
		\$4,556,250
		XIRR
		<b>15.3%</b>
<b>Investor economics</b>		
RPS issue by Tanmay	\$3,375,000	
RPS has 17.5% pa fixed yield for 2 years	\$4,556,250	
RPS investors yield from investment in Tanmay	\$1,181,250	
net pre-tax profit to Tanmay	\$1,530,771	

Redeemable Preference Share has lien on land if first mortgage discharged or project deferred

# 8. RISK FACTORS



All investments carry some level of risk. In investment terms, risk is the variability of returns over time and the potential loss of capital. Risk means it is not possible to predict the returns that an investment will achieve. Investment returns are not guaranteed and past performance is not an indicator of future performance.

The following outlines some of the key risks of investing in the Preference Shares. The value of an investment will rise and fall in line with the changing value of the properties and any other assets of the Company.

This section does not purport to cover or explain all the risks of investing in the Preference Shares. Each Investor has their own particular investment objectives, financial situation and particular needs. Investors should consult with their financial adviser before investing and from time to time, to ensure their investment is, and remains, appropriate to their needs.

## 8.1 GENERAL INVESTMENT RISK

### MARKET RISK

An investment in the Preference Shares issued by the Company is subject to general market risks, in Australia or in another country or region. For example, an investment is subject to:

- a downturn in general economic and market conditions;
- movements in relevant markets, including real estate markets of which the Property forms part;
- unfavourable movements in interest rates, employment rates or inflation;
- changes to the law, government policy and tax settings;
- changes to governments;
- changes to consumer confidence;
- political or social unrest; and
- natural disasters, including terrorist attacks or war.

### FORCE MAJEURE RISK

Force majeure is the term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including acts of God, fire, flood, earthquakes, war, acts of terrorism, pandemic, and labour strikes. Some force majeure risks are uninsurable or are unable to be insured economically.

If there is a force majeure event, it may adversely affect the ability of the Company to achieve its investment strategy.

### PERSONAL CIRCUMSTANCES RISK

Investment risks can affect an Investor's financial circumstances in a number of ways, including:

- Their investment in the Preference Shares may not keep pace with inflation, which would reduce the future purchasing power of their money;
- the stated aims and objectives of the Company may not be met;
- the amount of any distribution a Shareholder receives from the Company (if any) may vary and be irregular, which could have an adverse impact if the Investor depends on regular and consistent distributions to meet their financial commitments; and
- their investment in the Preference Shares may decrease in value, which means they may get back less than they invested.

Other factors such as the Investor's age, the length of time intended to hold the investment, other investments they may hold, and their personal risk tolerance will affect the levels of risk for them as an Investor. As the risks noted in this section do not take into account the Investor's personal circumstances, they should consider obtaining tax and financial advice before making a decision about investing in the Preference Shares.

## 8.2 GENERAL PROPERTY RISK

### VALUATION RISK

The value of the properties and improvements may be adversely affected by a downturn in real estate market conditions or the underlying performance of the project. There is no guarantee that the property or Investors will achieve a capital gain or that the property will not fall in value relative to the current valuation.

### DIVERSIFICATION RISK

The Company is invested in one real estate asset only, and therefore there is no diversification of assets of the Company.

### PROPERTY INVESTMENT RISK

The Company's returns may be affected by factors such as the demand for assets such as the properties and the town homes to be constructed, costs and losses associated with natural disasters, or other disasters or events outside of the Company's or the Investment Manager's reasonable control. These types of factors may affect the ability of the Company to achieve its investment objectives.

## LIQUIDITY RISK

The major asset of the Investor is Preference Shares in a Company owning a real estate asset. Real estate, by its nature, is an illiquid investment. Depending on prevailing conditions it may be difficult for the Company to dispose of the properties either prior to or at the end of the investment term in a timely manner or at an optimal sale price. This may affect the Company's ability to return capital and profits to the Preference Shareholders.

## PROPERTY CONTAMINATION RISK

Owners of real estate assets are required to comply with a range of environmental laws. As a property owner, the Company is exposed to the risk that under various Federal, State and local environmental laws, it may be liable for the cost of removal or remediation of hazardous or toxic substances on the Property.

In common with all other owners of property, there is a risk that environmental laws may become more stringent in the future or that environmental conditions may have a materially adverse effect on the properties in the future.

## INSURANCE RISK

Tanmay Development 2 Pty Ltd, through the builder, will hold insurance for at least \$8.5 million in claims during the construction period, for the benefit of the mortgagee. The current homes on the site are insured for building insurance. The project, once the construction commences, will have home warranty insurance, contractor insurance, all works cover and workers compensation cover held by the builder. However, the insurance may not cover all events or claims made by the Company or its shareholders, and is subject to deductible excesses.

## 8.3 SPECIFIC PROPERTY RISK

Risk of unforeseen capital expenditure

Regardless of reasonable care being taken during due diligence enquiries on the property, unforeseen capital expenditure may also adversely impact on the financial estimates in this IM.

## CONSTRUCTION AND DEVELOPMENT RISK

There is a risk that construction projects may be delayed, additional construction funding may be required or a change in market conditions could affect the value of the Property after commencement.

## 8.4 COMPANY RISK

### INVESTMENT RISK

There is a risk that an investment in the Preference Shares may not produce the target IRR, or any return at all, or that Investors may suffer a loss of capital.

None of the Investment Manager, or its officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantees the performance or success of the Company, the repayment of capital invested in the Company by an Investor or any particular rate of return on investments in the Preference Shares.

There can be no assurance that the Company's investment objectives will be achieved.

### DISTRIBUTIONS RISK

As a result of the inherent risk in any property investment there is no guarantee that the Company will pay distributions at the rate forecast in the financial information or at all.

### GEARING RISK

The use of gearing (i.e., borrowing) can magnify losses.

The Company will employ leverage. The acquisition of, and construction relating to, the property will be funded partly by invested capital (equity) and partly by money that has been borrowed under a debt facility (borrowings). When a property investment is geared (i.e., purchased with borrowings) the potential for gains and losses is greater. This also exposes the Company to increased costs if, for example, interest rates rise.

### BORROWINGS RISK

A fall in the value of the property or net property income could result in a breach of a borrowing covenant under the debt facility.

If there is a default under the debt facility, the financier may enforce its security against the property and, amongst other things, sell the property below the purchase price of the property. There is a risk that the investor may lose the capital contributed to the Company if the property is sold unfavourably.

The Company will be subject to the terms and conditions of the debt facility, including key covenants. Breaches of these covenants or any other default of terms may enable the financier to enforce its rights against the Company or the properties or both.

Adverse movements in interest rates may result in increased cost of debt and reduced returns.

## REFINANCING RISK

In the event that the Company needs refinancing, there is no certainty that debt funding to replace the debt facility will be obtained or will be obtained on comparable terms. In that event, the properties and any other asset may have to be sold at short notice and in a market that may not be conducive to a quick sale.

## LIQUIDITY RISK

An investment in the Preference Shares should be considered illiquid as it is unlikely that there will be a secondary market for Preference Shares. No holder of Preference Shares issued under this IM has the right to have their Preference Shares redeemed by the Company before the 2 year term, however this does not restrict an Investor's right to transfer the Preference Shares (but the Company may, in certain circumstances, refuse to register any transfer of Preference Shares).

## TAXATION AND STAMP DUTY RISK

The effect of taxation on Investors is complex and Investors should seek professional taxation advice specific to their own circumstances.

Taxation and stamp duty considerations are subject to change or differing interpretations. Investors should note that any changes could have retroactive application so as to result in taxation and stamp duty consequences different from those previously applying to an investment in the Preference Shares. The Investment Manager and Company have not sought any ruling from relevant taxation or revenue authorities with respect to any taxation considerations in connection with the Offer.

## LEGAL RISK

The Company may, in the ordinary course of business, be involved in possible litigation and disputes; for example, environmental and occupational health and safety claims, industrial disputes and any legal claims or third-party claims. A material or costly dispute or litigation may affect the value of the assets, the income of the Company or the ability of the Investment Manager to assist the Company to achieve its investment strategy. The cost of any potential or actual litigation of the Company is borne by its assets.

## RELATED PARTY RISK

The developer and the Investment Manager will enter into contracts in relation to the operation of the Company, including contracts with related parties. There is additional risk when a related party is involved given the nature of the relationships. The Investment Manager will implement policies and procedures to mitigate this risk.

## DUE DILIGENCE RISK

In acquiring the properties, the Company has engaged appropriate experts to investigate the environmental, operational, structural and legal soundness of the properties. However, despite those investigations, the Company cannot guarantee the identification and mitigation of all risks associated with the properties, or the acquisition of the properties.

## INVESTMENT MANAGER RISK

The Company has the ultimate authority and responsibility for the management of the funds subscribed by Investors, including all decisions relating to the day-to-day investment of the Company's assets. These responsibilities have not been delegated to the Investment Manager but will be assisted by it.

The Investment Manager will ensure that proceeds of the issue of Preference Shares are applied to the uses described in this IM. In particular, the direct transfer from the Company's trust account that receives \$3,375,000 to discharge all debt on the properties. The Company's performance is therefore affected by the continuation of the agreements with the Investment Manager and the service and skills of the officers and employees of the Company.

The loss of the services of the Investment Manager (or one of its key personnel) could materially and negatively impact on the success of the Company.



## 9. TAXATION INFORMATION

The Company and the Investment Manager do not provide financial or tax advice. As such, this IM does not address taxation issues which may be relevant to an applicant. An Investor must take full and sole responsibility for their investment in the Preference Shares, the associated taxation implications arising from their investment and any changes in those taxation implications during the course of their investment.

Before investing in the Preference Shares, an applicant should obtain their own independent tax advice, which considers their own circumstances. They should seek advice on tax liabilities arising out of the investment. Investors must take sole responsibility for their investments with respect to any tax implications that may arise during the course of their investment.



# 10. ADDITIONAL INFORMATION

## 10.1 RIGHTS ATTACHING TO PREFERENCE SHARES AND OTHER MATERIAL PROVISIONS OF CONSTITUTION

The Company's Constitution (in addition to the general law) sets out the terms and conditions under which the Company operates, as well as many of the rights, liabilities, duties and obligations of Investors and the Company. The Investors' rights, duties and obligations as a holder of Preference Shares will be governed by the Constitution and the general law relating to companies. These rights include the right to attend shareholder meetings, to make redemption requests (including requests before the completion of construction and registration of a strata plan or sale of the assets of the Company), receive and reinvest distributions, and participate in proceeds of the termination and winding up of the Company.

Some key terms of the Constitution are described below, but it does not summarise all of the provisions. Other terms have been described elsewhere in this IM, including in relation to the nature of an Investor's interest in the Company's assets, applications and redemptions of Preference Shares, Preference Share pricing, transfers of Preference Shares, distributions and Investment Manager fees.

Investors should refer to the Constitution for the detail of the provisions. A potential Investor, and a Shareholder, may obtain a copy of the Constitution on request to the Company or Investment Manager.

### A) CLASSES OF SHARES

The Company may create and issue one or more different classes of shares with rights, obligations or restrictions differing from each other class of share, and may at any time consolidate, divide or re-classify shares, provided that any consolidation, division or re-classification must be undertaken for all shares in a class and does not alter the aggregate beneficial interest in the Company's assets held by an Investor or value of the relevant Investor's aggregate holding of Preference Shares.

Each class does not have segregated assets and liabilities, and does not constitute a separate company.

The class of shares on offer pursuant to this IM is Series A Redeemable Preference Shares. The Company may issue other classes of shares from time to time in its absolute discretion, but such classes may not have distribution rights or security over property that is senior to the Series A Redeemable Preference Share class unless agreed by a 75% majority vote of Preference Shareholders.

### B) ORDINARY SHARES

All ordinary shareholders have the rights and entitlements as conferred by the general law, the Act, and the terms of the Constitution. Under the Constitution, all ordinary shares have the same right as other ordinary shares in respect of dividends and distributions declared and payable by the Company, rank in the same priority and confer the same right to participate in any distribution of surplus assets or profits of the Company as other ordinary shares, have no liquidation preference, and have the right to receive any notices, reports, profit and loss accounts, balance sheet or other financial statements as required by law.

### C) PREFERENCE SHARES – RANKING

Preference Shares rank equally among themselves and in priority to all ordinary shares but are unsecured and subordinated to all debenture holders and creditors of the Company. Preference Shares are not bank deposits or liabilities of the Company and are not capital guaranteed. Preference Shares rank equally in respect of a redemption of, return of capital on, cancellation of or acquisition of Preference Shareholders and payment of declared but unpaid distributions on a winding up of the Company. Provided a 75% majority of Preference Shares agrees, the Company may issue: (i) further preference shares which rank equally with or behind but not ahead of Preference Shareholders, whether in respect of dividends (whether cumulative or not), return of capital on a winding up of the Company or otherwise; (ii) further ordinary voting shares. Any such further issue will not constitute a variation of the rights attached to the then existing Preference Shareholders (unless otherwise expressly provided).

### D) TRANSFER OF PREFERENCE SHARES AND SECURITY OVER PREFERENCE SHARES

A Shareholder may transfer Preference Shares in the manner as the Company from time to time prescribes but must not do so without the express written consent of the Company (which may be withheld in its absolute discretion).

A Shareholder may not create any encumbrance or other security interest over a Share without the consent of the Company.

## E) COMPANY'S ROLE, OBLIGATIONS AND RIGHTS

The Company's duties and obligations to Investors are imposed, and functions and powers conferred, by its Constitution, the Corporations Act (where relevant) and general law.

Examples of the Company's powers include acquiring and disposing of the Company's assets, entering into agreements, operating accounts, and raising money.

Under the Constitution, the Company has (among other things) a broad power of investment and power to pay expenses and fees out of its assets (including payment of the fees and costs of the Investment Manager under the Investment Management Agreement, and other Company expenses such as in connection with administration, valuation and dealing of Company assets).

## F) COMPANY'S INDEMNITY AND LIMITATION OF LIABILITY

The Company's director has to the fullest extent permitted by law, a right to be indemnified out of the Company's assets for any cost, expense liability incurred by him, in his own capacity or through an agent, manager, advisor or delegate.

To the fullest extent permitted by law, the Company is not liable in contract, tort or otherwise to any shareholder or any other person.

## G) LIABILITY OF SHAREHOLDERS

Generally, the liability of shareholders is limited to the amount unpaid (if any) of the issue price of the Preference Shares they hold. However, Investors should be aware that the effectiveness of such a limitation is yet to be conclusively determined by the courts.

## H) TERMINATION OF THE COMPANY

The Company at any time may be wound up by written notice to the Shareholders with effect from the termination date specified in the notice, but not before completion of construction and registration of a strata plan for the Allura Hills project or sale of all the assets of the Company, such that the Preference Shares can be redeemed in full for both cost and accumulated unpaid distributions.

## I) VOTING AT GENERAL MEETING

Ordinary shareholders have the right to attend, speak and vote at general meetings of the Company.

Preference Shareholders have the same rights as ordinary shareholders to receive notices, reports and accounts, to attend general meetings of the Company. They may vote in any class vote of Preference Shares on matters concerning the preferential entitlements of the class. They may not vote on other matters in the general meetings unless the preference shares are first converted to ordinary shares.

## J) AMENDING THE CONSTITUTION AND SHAREHOLDERS AGREEMENT

Any proposed change to the Constitution or the Shareholders Agreement must be approved by the shareholders by special resolution of at least 75% of all shares on issue in each class, voting as separate classes. Series A Redeemable Preference Shares will vote with one vote for each Preference Share on issue.

## 10.2 INVESTMENT MANAGEMENT AGREEMENT

The Company and Investment Manager have entered into an investment management agreement (IMA). Under the terms of the IMA:

- a. the Company appoints the Investment Manager to promote and distribute the Share Offering, and monitor the use of funds provided to the Company by Investors in the Preference Shares under this IM.
- b. the Company agrees with the Investment Manager to manage the investment monies in accordance with relevant laws and the terms of the Constitution;
- c. the Investment Manager agrees to provide regular reporting to the Investors in Preference Shares issued by the Company and the Company agrees to be subject to the regular monitoring by the Investment Manager. The Investment Manager also agrees to provide proper instructions for the Investors making investments in the Company;
- d. the fees and expenses payable to the Investment Manager by the Company are \$325,000 paid over a period of 2 years, which includes \$100,000 paid to other parties for capital recruitment, legal services, KYC/AML and registry services, and regulatory fees; and
- e. terms are set out for the termination of the IMA including where either party has breached the IMA or becomes insolvent.

## 10.3 RELATED PARTY INVESTMENTS AND TRANSACTIONS

Related parties of the Company and the Investment Manager, including employees, family, friends and associated affiliates, may invest in the Preference Shares on the same terms as other Investors. The Investment Manager may appoint any of its related entities to provide services and to perform functions in relation to the Company, including acting as their delegate. These arrangements will be based on arm's length commercial terms.

In the course of managing the Company, the director of the Company and the Investment Manager may have conflicts in respect of their duties in relation to the Company's Shareholders, and their own respective interests. The Company and the Investment Manager have policies and procedures in place to manage these appropriately.

The Company and the Investment Manager and their related parties may engage in related party transactions, provided those transactions are in the best interest of shareholders.

## 10.4 PRIVACY INFORMATION STATEMENT

The Company and the Investment Manager may collect personal information from Investors as part of the application process or during the administration of the Company.

The Company and the Investment Manager use this information to establish and manage that investment for an Investor. If the Investor does not provide the Company with their contact details and other information, then it may not be able to process their application to invest in the Preference Shares.

Under the Privacy Act 1988 (Cth), an Investor can access personal information about them held by the Company, except in limited circumstances. Investors should let the Company know if they think the information is inaccurate, incomplete or out of date.

The Company and the Investment Manager may disclose Investors' personal information to external service providers engaged to supply administration, financial or other services, and anyone that Investors have authorised (including an Investors' custodian or financial adviser) or if required by law. The Investment Manager is obliged, under the Investment Management Agreement, to adhere to the Company's privacy policy.

Under various laws and regulatory requirements, the Company may have to pass on certain information to other organisations, such as the Australian Taxation Office (ATO) or the Australian Transaction Reports and Analysis Centre (AUSTRAC).

By applying to invest, an applicant gives the Company permission to pass information it holds about them to other companies which are involved in helping it administer the Company's assets, or where they require it for the purposes of compliance with anti-money laundering and counter terrorism financing laws or in connection with the holding of Application Moneys.

The Company may also use Investor information to provide them with details of future investment offers made by it or the Investment Manager. Investors will be able to opt out of receiving notification of these offers.

The Company's privacy policy is available from the Company.

## 10.5 ANTI-MONEY LAUNDERING LAWS

As a part of the application for Preference Shares, Investors will be required to provide customer identification materials to enable the Company's compliance with anti-money laundering and counter terrorism financing legislation. In addition to the customer identification material and documents required to be sent with an Investor's Share Subscription Agreement, the Company may require further information or documentation from an Investor at any time in order to satisfy its obligations under anti-money laundering and counter terrorism financing legislation.

## 10.6 FOREIGN ACCOUNT TAX COMPLIANCE ACT

In compliance with the United States (US) income tax laws commonly referred to as the Foreign Account Tax Compliance Act (FATCA) and the Intergovernmental Agreement signed between the US and Australian Governments in April 2014 in relation to FATCA, the Company will be required to provide information to the ATO in relation to Investors that are:

- a. US citizens or residents;
- b. entities controlled by US persons; and
- c. financial institutions that do not comply with FATCA.

Where Investors do not provide appropriate information to the Company, the Company will also be required to report those accounts to the ATO.

## 10.7 COMMON REPORTING STANDARDS (CRS)

Common Reporting Standards (CRS) is the single global standard set by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts. The Company will be a 'Reporting Financial Institution' under CRS and intends to comply with its CRS obligations under any relevant Australian laws and regulations, including obtaining and disclosing information about certain Investors to the ATO or other foreign tax authorities as required. To facilitate these disclosures, Investors will be required to provide certain information such as that relating to their country of tax residence and their relevant taxpayer identification number (if applicable).

## 10.8 ELIGIBLE INVESTORS

Only Eligible Investors may apply for and hold Preference Shares.

Eligible Investors includes sophisticated and professional investors as defined in Section 708 of the Corporations Act. Generally, an Investor will be an Eligible Investor where any one of the following applies:

- a. the Investor's investment is \$500,000 or more;
- b. the Investor provides an accountant's certificate stating that the Investor has net assets of at least \$2.5 million or has earned at least \$250,000 in each of the last two financial years;
- c. the Investor is a 'professional investor' (including those that hold an AFSL, are APRA regulated or have or control at least \$10 million worth of assets); or
- d. The Company is satisfied on reasonable grounds that the Investor has suitable previous experience in financial products, in particular investment in redeemable preference shares and Australian property development, subject to certain conditions.

## 10.9 CONSENTS

Each of the Company, the Investment Manager, Property Logic (the valuer), and Baker McKenzie (as lawyers):

- a. has made no statement included in this IM or on which a statement made in this IM is based, other than the details about it, and the other sentences in this IM that refer to it;

- b. has consented to those statements being included in this IM in the form and context in which they appear and has not withdrawn this consent before the date of this IM;
- c. specifically disclaims responsibility for, and liability to any person in the event of, any omission from, or any false or misleading statement included in, any other part of this IM.

In addition, Baker McKenzie and Property Logic have not authorised or caused the issue of any part of this IM.

## 10.10 ELECTRONIC INSTRUCTIONS

Investors can provide instructions on their account and investment to the Company by email, subject to the Company's discretion to require original documentation.

In respect of electronic instructions, the Company will not accept an instruction unless it is accompanied by the scanned signature(s) of the Investor(s).

The Company (and its related parties, officers, employees, consultants, advisers and agents) will not be responsible for any loss or delay that results from a transmission not being received by the Company and will only process electronic instructions received in full and signed by authorised signatories of the Investor.

Only instructions received from an Investor or a person authorised by the Investor will be accepted by the Company. Investors must comply with any security or verification procedures required by the Company from time to time.

The Company and its related parties, officers, employees, consultants, advisers and agents will assume that any instruction received in respect of an Investor's investment has been authorised by the Investor, and the Company and its related parties, officers, employees, consultants, advisers and agents will not investigate or confirm that authority (unless the Company is actually aware that the instruction was not authorised).

The Company may refuse to act on any instruction until the validity of the instructions have been confirmed, and the Company (and its related parties, officers, employees, consultants, advisers and agents) will not have any liability to the Investor or any other person for any consequences resulting from not acting on the instruction.

If an Investor chooses to provide electronic instructions, the Investor releases the Company and the Investment Manager and their related parties, officers, employees, consultants, advisers and agents from any claims and indemnifies those parties against all costs, expenses, losses, liabilities or claims arising from any payment or action those parties make based on instructions (even if not genuine) that any of those parties receive and which they reasonably believe are genuine, including as a result of gross negligence or wilful default by any of those parties.

Each Investor also agrees that neither the Investor, nor anyone claiming through the Investor, has any claim against the Company or the Investment Manager and their related parties, officers, employees, consultants, advisers and agents in relation to acting on instructions received (authorised by the Investor or otherwise).

Investors should be aware that there is a risk that fraudulent requests can be made by someone who has access to an Investor's account information.

The Company may vary the conditions of service of any communications at any time by providing notice, either in writing, by email or other electronic communication.

## 10.11 INVESTOR INQUIRIES

All inquiries or complaints from Investors about the Company should be directed to the Company with a copy to EFM. They may be contacted as shown in the Directory.

All complaints will be dealt with in a timely manner and in accordance with the Company's complaints resolution policy.





## 11. GLOSSARY

DEFINED TERM OR OTHER TERMS USED IN THIS IM	DEFINITION
<b>AFSL</b>	Australian Financial Services license issued by ASIC under the Corporations Act.
<b>Application Money</b>	The money paid (or property transferred) by an applicant for a Share.
<b>APRA</b>	Australian Prudential Regulation Authority.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Business Day</b>	A day that is not a Saturday, Sunday, bank holiday or public holiday in NSW, Australia.
<b>Company</b>	Tanmay Development 2 Pty Ltd (ABN 37 616 552 508) a NSW company.
<b>Constitution</b>	The constitution of the Company, as amended or replaced from time to time.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth) and regulations and other subordinate legislation made pursuant to that Act.
<b>DA</b>	Development Approval
<b>Eligible Investor</b>	A Recipient that is a sophisticated or professional investor as defined in Section 708 of the Corporations Act and who accepts the conditions set out in the 'Important Notices' section of this IM and the other terms and conditions described in this IM.
<b>GST</b>	'GST' as defined in A New Tax System (Goods and Services Tax) Act 1999 (Cth).
<b>Information Memorandum, IM</b>	This document.
<b>Investment Management Agreement / IMA</b>	The investment management agreement between the Company and the Investment Manager dated on or around the date of this IM.
<b>Investment Manager</b>	Emerging Funds Management Pty Ltd (ABN 68 660 505 288)
<b>Investor, you, your</b>	A holder of a Share, or an applicant for a Share, or a prospective applicant for a Share, as the context requires.
<b>IRR</b>	Internal rate of return.
<b>LVR</b>	Loan-to-valuation ratio.
<b>Offer</b>	The offer of Preference Shares under this IM.
<b>Offer Price</b>	\$1.00 per Preference Share
<b>Preference Share</b>	A Series A Redeemable Preference Share in the Company, with the rights, obligations and restrictions attaching to it as set out in the Constitution.
<b>Project</b>	Allura Hills, being the acquisition and development of the Properties by the Company
<b>Properties</b>	70-72 Old Northern Road, Baulkham Hills NSW 2153
<b>Recipient</b>	A person who receives this IM.
<b>Share Subscription Agreement</b>	A share subscription agreement in a form approved by the Company which is entered into between an Investor and the Company for the purpose of the Investor acquiring Preference Shares.



## 12. DIRECTORY

### **PROJECT**

Allura Hills

### **DEVELOPER AND PROPERTY OWNER (“COMPANY”)**

Tanmay Development 2 Pty Ltd (ABN 37 616 552 508)

44 Centenary Avenue, Northmead NSW 2152

Mobile: +61415 383478

Email: [hitenjagdale@gmail.com](mailto:hitenjagdale@gmail.com)

Website: [www.allurahills.com.au](http://www.allurahills.com.au)

### **INVESTMENT MANAGER**

Emerging Funds Management Pty Ltd (ABN 68 660 505 288)

Corporate Authorised Representative of AFSL 528526

Suite 1005, Level 10, 4 Bridge Street,  
SYDNEY NSW 2000

Telephone: +61 412 650 515

Email: [suren@emergingfm.com](mailto:suren@emergingfm.com)

### **LEGAL ADVISOR**

Baker McKenzie

(ABN 32 266 778 912),

an Australian partnership

Tower One - International Towers Sydney

Level 46, 100 Barangaroo Avenue

Sydney, NSW 2000

T: +61 2 9225 0200

F: +61 2 9225 1595

# ALLURA HILLS

Baulkham Hills NSW