

09 August 2018

**Annual Investment Manager Report to Investors
Auspacific Investment Fund**

Dear Investors

The Auspacific Investment Fund (Fund) was successfully established in June 2017 and we are pleased to provide the annual report as at the end FY2018.

The fund, which has been running for its second consecutive financial year, provides an indirect opportunity for investors to invest in a range of property development projects in Melbourne & indeed around Australia. The Fund operates by lending money to property developers, including related parties of the Auspacific Group (Auspacific) undertaking development projects. Auspacific Capital Management carries the responsibility to undertake all the due diligence work required to ensure the investments fall within the mandate of the Fund.

The objective of the Fund is to facilitate the development of property which includes the acquisition of real property, construction, securing development approvals, and other costs related to property development such as sales and marketing, investigations and management fees.

Current utilisation of the Fund

As at the 30 June the Fund has invested largely in a project undertaken at 7 Churchill Avenue Chadstone. To date, the fund has been utilised to facilitate the construction financing for the project & as such, the construction commenced in February 2018 & currently there have been 3 drawdowns completed to the satisfaction of the mandate, quantity surveyor and ultimately the developer. We anticipate that the project will attain practical completion sometime in Q1, 2019 and settlements to occur within 14-21 days after practical completion / interim OC is attained for the project.

Future utilisation of the Fund

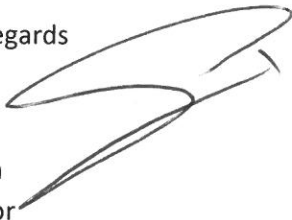
Further to this project, we are working on several opportunities for investment over the coming months. Since establishment, we have set up a robust & diligent loan structure process and documentation for the purpose of utilising the fund. We intend to invest in the development of Auspacific's current projects in Melbourne, comprising of townhouses and apartments, including a 14-unit townhouse development in Heidelberg, which has been programmed to start construction in Q1, 2019 (to coincide with the completion of the Chadstone project) and a 109 townhouse and 42 apartment development at Epping North which has been scheduled for a Q2, 2019 start date. Auspacific's team of property professionals are working on obtaining the necessary permits and we expect sales to be robust for these projects.

According to the Victorian state government, Melbourne is a city that is still growing at an alarming rate, currently over 100,000 people every year. Equipped with a stronger & larger development team, we are forging ahead with more intensity to acquire sites for development, as part of our short-term, mid-term & long-term growth strategies. The supply of land in Melbourne is healthy, however, we have developed a strategy to secure only the best land with potential for growth and development. This will add on to our asset class & coupled with our direction to diversify our business into multiple property development projects will feed into the already successful & health growth we have attain over the last financial year.

We firmly believe that we will bring expected returns to our investors in the future and we would also like to thank you for your continued support in the Fund. Please do not hesitate to contact our office if you have any questions.

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Kind regards

A handwritten signature in black ink, appearing to be 'Li Shen', written over a white background.

Li Shen
Director

Auspacific Capital Management Pty Ltd