



Lauders Credit Fund Investor Update June 30th 2018

Dwelling 1; 38 Ruthven St Macleod
Top: Ground floor; Bottom: Level 1

INTRODUCTION

There has been a significant increase in the levels of interest in broad acre land development and land subdivision in recent months, coinciding with an increasing demand for low and medium density residential sites in Greater Melbourne. This fits squarely within the Lauders Credit Fund (LCF) principal target market and the team at Lauders have been successfully operating in this segment for more than 20 years.

Lauders Credit Fund has been operating for two years, providing loans to Lauders Development's projects. Details for investment terms and target returns are set out in the term sheet for each unit class. To date, LCF has achieved the target returns for each unit class and have paid

distributions to investors on a quarterly basis.

The increasing interest in greenfield, and low to medium density sites has been from a number of market segments including both domestic and international with particular interest from the Chinese market over the past three to five years. In 2013, 98% of Chinese investments in Australia were predominantly in high-density projects. Currently, 29% are now investing in low density, and 17% in medium density within Australia. It is expected that this trend will continue in 2018¹.

Greater Melbourne's population continues to increase and current projections show an increase of 1.7% per annum until 2036². This we believe will strongly support a continued demand for new estate lot sales in greater Melbourne.

INVESTMENT 1 - 17 WHITESIDE PROJECT

The 46 lot subdivision project at 17 Whiteside will be marketed with the neighbouring Lauders Developments project at 17 Whiteside. The planning application for the Glenmore project has been submitted to council and recent correspondence with the Victorian Planning Authority (VPA) suggests that the Beveridge Central Precinct Structure Plan (PSP) is expected to be granted during September 2018. The project will soon be launched as marketing collateral is near finalised. LCF has provided total loan of \$788,680 to the 17 Whiteside project.

INVESTMENT 2 - 38 RUTHVEN ST MACLEOD

The project at 38 Ruthven St Macleod involves the demolition of an existing dwelling and construction of two townhouses. LCF has provided a loan of \$850,000 that replaced existing senior debt against the land, which has an existing value of \$1.25m and an estimated value of \$2.5m at project completion. The LCF loan is secured by a mortgage over the property.

Banner Flag - Glenmore

GLEN

Release

FIRST HOME
BUYER GRANT NOW

\$20,000*

*Newly built homes in regional Victoria

The site plan shows a grid of residential lots. The streets shown are LEWIS STREET at the top, BRAE ROAD running horizontally across the middle, and CROFT ROAD, HEATH ROAD, MOONEY STREET, and MUIR ROAD running vertically. Lots are numbered 101 through 153. Lot 152 is highlighted with a yellow circle and labeled 'Sales Office'. Each lot is shown with its area in square meters (e.g., 325m², 540m²). The plan also includes green tree symbols and boundary lines.

Now selling in Beveridge.
A wide range of block sizes
from 325m² to 540m²

- Close to the established amenities of Wallan and Craigieburn
- Design guidelines ensure quality housing
- Shops, train station, schools and college only minutes away
- Level building sites

Proudly marketed by Lauders
19/78 Nepean St, Watsonia VIC 3087
03 9453 2100 lauders.com.au

Call 1300 4GLENMORE glenmoreland.com.au

GLENMORE

Stage 1 Glen Release plan

The project has a planning permit and the pre-site engineering and final details are near complete. Site start is expected in late 2018.

OUTLOOK

Greenfield subdivisions are a core element in Lauders Group developments. The Victorian Planning Authority (VPA) independently confirms the benefit of living and investing in greenfield communities.

“Six fast facts about greenfield communities”

1. They are affordable: the median price of a serviced lot in Melbourne’s greenfields is currently \$336,000 per lot – around \$178,000 less than an equivalent lot on the fringes of Sydney.

2. They are green: most new suburbs have up to 20% open space, which involves incorporating local wetlands and preserving environmental qualities.

3. They are walkable: at least 90% of houses in a PSP area are within a 10-minute walk of a town centre, community centres and a primary school. Furthermore, 90% of houses are within a five-minute walk of local parks, including sports reserves. Main roads have off-road bicycle paths delivered in the early stages of development. This focus on walking and cycling infrastructure makes greenfield areas healthy places to live.

4. They are compact: recently completed PSPs have a required density of 16 – 18

dwellings per net developable hectare – making them far more compact than many established Melbourne suburbs.

5. They have many housing options: PSP-designed areas provide a variety of housing options, including traditional houses, townhouses and apartments, so that people at different stages of their life can find the housing they want.

6. They will be located close to future jobs: our plans for new suburbs include areas designated for different types of jobs in future – including in small enterprise areas for local businesses; town centres; mixed-use areas; and industrial estates.¹

Kind Regards,

Craig Bass,
Managing Director

1. Knight Frank, Chinese Developers in Australia, 2018
2. Knight Frank, Australian Residential Review Q2 2018, 2018
3. Victorian Planning Authority - <https://vpa.vic.gov.au/greenfield/more-information/greenfield-6-fast-facts>)

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