

35 Latitude Development Fund: Investment Summary Report

30th June 2019

The last financial year has seen us able to progress a number of projects toward completion, and we expect 2019/20 to be a very productive year on the construction front. Set on a backdrop of a continued tight credit market and a (reportedly) slowing residential sales outlook, we have continued to progress the fund's assets toward construction and eventual on sale.

Our project at 300 Main Road Fennell Bay is in the final stages of completion, and we expect to have our builders wrapping things up on site in the next 4-6 weeks, to enable our existing sales to complete and return invested capital and profits back into the fund.

Additionally, we have our contractors on site at Dubbo, working on the civil component of this project to enable the sale of our vacant land component. With strong pre sales and completion in the next few stages, this project will also provide a return of capital expended to install the civil works plus profits to move toward stage 2 and the villa construction.

Works have also commenced at Charlestown and Argenton and we are hopeful of also being able to wrap these projects up toward the end of the year (with favorable weather) or early in the New Year.

During the first quarter of 2019/20 we plan to start on site at Blackalls Park, with capital returned from Fennell Bay providing the funding required to get this long awaited project coming out of the ground.

One of the largest ongoing challenges continues to be in dealing with our lenders, with both their conditioning of projects as well as the time it actually takes them to process their internal requirements and responsiveness. This has caused us to reduce our dependence on their funding models and utilize surplus capital we hold in the fund more than originally anticipated. This will help keep our projects moving forward over the coming period, as we look to secure further opportunities in what we expect to be a market with lower demand.

With this we expect that we will be able to secure some better investment opportunities, as many developers struggle with funding, if we are able to position ourselves as cash buyers we should be able to make some significant purchasers over the coming months.

Whilst our focus over the next 12 months will be on completing the above projects, we still have a number of projects to fill their void as they complete, as we have our Toronto and Hamilton projects which we will be able to start construction early in the new year (with capital released from Charlestown and

Argenton), stage 2 of Dubbo, as well as renewing our strategy on our Wangi development.

We are progressing our Joint Venture with Waratah Golf Club (albeit slowly), as we move through the process of getting final Joint Venture agreements in line. Unfortunately the “wheels” of the board of a community owned asset does not move quickly, but we remain confident that this will provide strong investor returns over the term.

UNIT PRICE MOVEMENT

As we have previously outlined in investor reports, consistent movement of the unit price is a difficult thing to project. However, with multiple projects headed toward completion, the resultant profits should move the unit price upward and provide a smoother unit price movement during 2019/20.

Our Challenge will remain to continue to make purchases based on our investment mandate, and progress those new projects through the approval pipeline in a timely manner. If we are able to deliver on this challenge, we should continue to see further appreciation in our unit price driven by ongoing profitable development projects.

Kind regards,



BRETT BROOKFIELD
DIRECTOR

EXISTING PORTFOLIO

PROPERTY: 300 Main Road Fennell Bay

- Construction to complete next 4-6 weeks
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PROPERTY: 404-406 Lake Rd Argenton

- Construction commenced
 - Completion expected late 2019
 - 50% of development currently sold
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PROPERTY: 300 Pacific Hwy Charlestown

- Construction commenced
 - Completion expected end 2019
 - 50% of development currently sold
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PROPERTY: **10 Faucett St Blackalls Park**

- Construction to commence 3rd Quarter 2019
 - Final Build Contracts being negotiated
 - Completion expected mid 2020
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PROPERTY: **Morgan St Dubbo – stage 1**

- Civil Construction begun.
- Electricity upgrade works have been completed
- Expected to complete civil works 3rd quarter 2019



Residential Development

PROPERTY: 38 French Rd Wangi Wangi

- Look to begin a design modification to reduce costs to complete
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PROPERTY: Morgan St Dubbo – stage 2

- Villa Marketing to commence once Civil Works complete
 - Build tenders to be requested on completion of Civil Works and Marketing shortly thereafter
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PROPERTY: 124 The Boulevardde Toronto

- Reviewing options with a preference to commence construction from cash reserves Quarter 4 to maximise sales prices and reduce debt funding reliance (which potentially delays commencement)
 - Commencing Tender process with builders.
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PROPERTY: 5-7 Swan St Hamilton

- Development Approval received
- Commencing Marketing to obtain pre-sales

Commenced preparing Construction Documentation to enable tender process to commence.



PROPERTY: Waratah Golf Club – Joint Venture

- Golf club land to be Re-Zoned for medium density residential.
 - Initial meetings with council have been positive and indicative support.
 - Preliminary reporting complete and initial feedback has indicated we will require more detailed reports once we obtain conditional council support.
 - Joint Venture opportunity with initial Heads of Agreement agreed.
 - Finalising final Joint Venture documentation before completing final proposal for council.
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