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Realising the remarkable

# Monark High Yield Debt Fund – Series 1 Quarterly Investor Update

30 September 2024

# Please Note

### Information contained in this investor update

This investor update relates to the Monark High Yield Debt Fund – Series 1 (Fund). Monark Securities Pty Ltd ACN 635 529 412 AFSL no. 519884 is the trustee of, and issuer of units in, the Fund. Monark Secured Debt Management Pty Ltd ACN 620 206 911 is the investment manager of the Fund and an authorised representative of Monark Securities Pty Ltd. This publication contains general financial product advice only. The information contained in this publication, whether express or implied, are published or made by Monark Securities Pty Ltd and Monark Secured Debt Management Pty Ltd, and by its officers and employees (collectively Monark) in good faith in relation to the facts known to it at the time of preparation. Monark has prepared this publication without consideration of the investment objectives, financial situation, or particular needs of any individual investor, and you should not rely on the opinions, advice, recommendations and other information contained in this publication alone. This publication does not constitute an offer for the issue of units in the Fund. Investors should read the information memorandum for the Fund before applying for units in the Fund.

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# Dear Investor

## Welcome to the eleventh quarterly update for the Monark High Yield Debt Fund (the Fund, Series 1).

## Executive summary

The Fund's portfolio is now fully established and continues to perform strongly, providing investors with an Internal Rate of Return - from inception to reporting date - of 14.1% per annum.

During the quarter investors received a distribution of 8.38 cents per unit following the selldown of the derisked Rockpool, Rainbow Bay facility. We expect to make further distributions of approximately 20 cents per unit before year end. We provide further details in our *Fund Notes* section of this update.

As a reminder, the Fund is "self-liquidating" which means it does not reinvest repaid facilities but distributes the proceeds to investors.

As has been the case for several quarters, we continue to remain of the view that today's financial markets are characterised by unsustainable drivers and, whilst many have recorded all-time highs, are best described as "fragile" rather than "strong". We expand on this thinking in the *Investment Environment* section of this update, exploring the link between increasing aggregate debt and the key driver of financial markets, corporate earnings. We explain this is unlikely to be sustainable which casts doubt over future returns from traditional investment markets.

Finally, the continued success of both Series 1 and Series 2, combined with a steady flow of attractive investment opportunities, has motivated the launch of Series 3. We have retained the target return of an Internal Rate of Return of 15% per annum, believing this to be achievable at risk settings we are comfortable adopting.

We hope you enjoy reading this report and continue to remain engaged with the progress of your investment in the Fund.

# Investment environment

Few investors appreciate the influence the substantial global credit growth of the last few decades has had on the performance of financial markets, and in turn, portfolio returns.

New credit boosts corporate earnings. And rising earnings boost security prices.

There is now increasing doubt whether credit can continue to expand at this pace. For investors, the consequences of any slowdown should be front of mind.

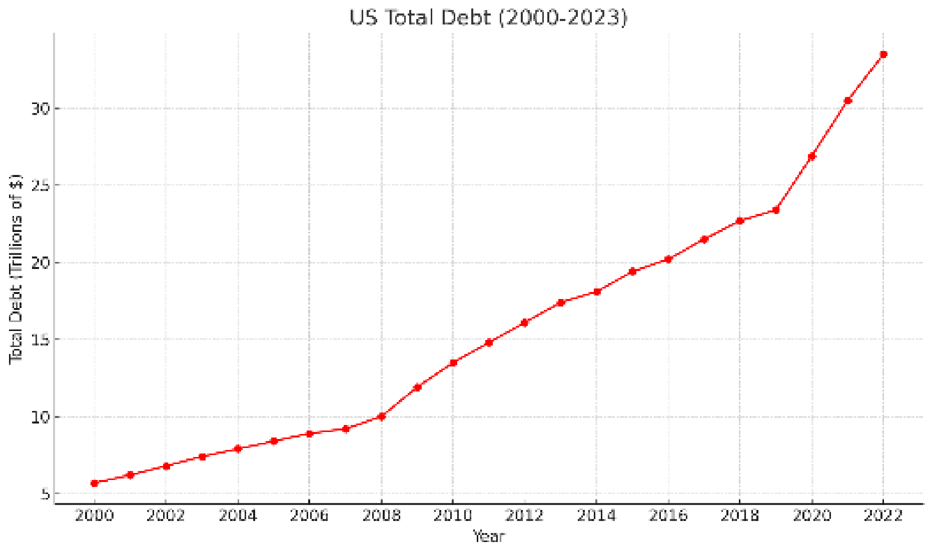
**Let's first explore why credit is rocket fuel for corporate earnings**

Think back to the heady days when you got your first credit card. Suddenly your buying power was much greater than the paltry income you received from the odd jobs you held whilst working your way through uni. Suddenly you could afford new clothes, better restaurants, a longer holiday. Sadly, this expansive lifestyle soon came to an end when you hit your limit. Your focus then switched to avoiding punitive interest costs and living a more circumspect lifestyle.

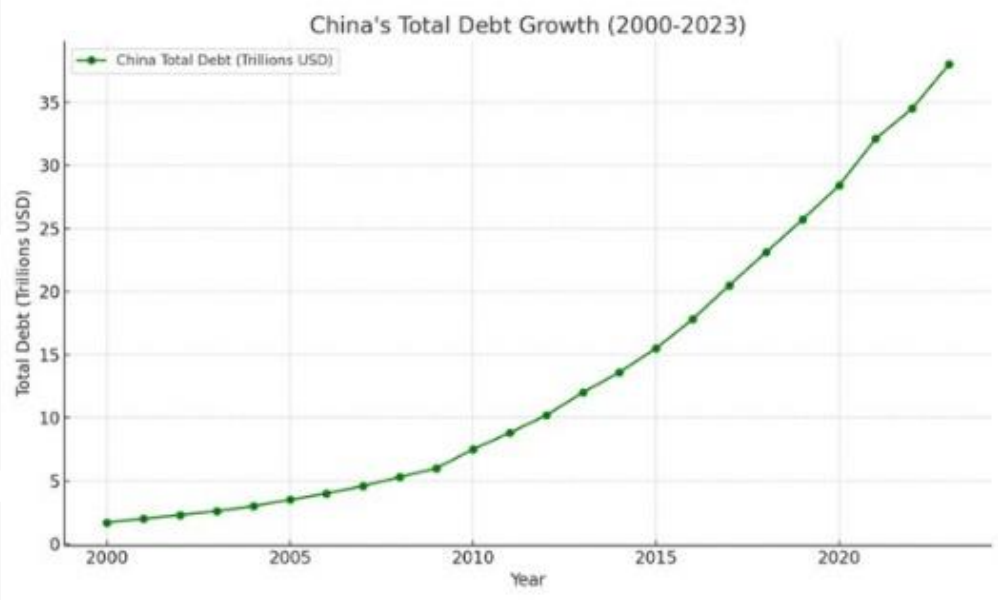
Such is the burden of the private sector. But not so government… until (perhaps) very recently.

For most of this century almost every government has jettisoned the notion of a balanced budget. Fiscal deficits attract little comment. In fact, the electorate has learned that deficits equalled handouts, and rewarded government profligacy rather than restraint. The state of Victoria is a living, breathing (wheezing?) example.

To get a sense of this largesse, and acknowledging that a picture paints a thousand words, take a look at the growth of debt in the world's two largest economies (the United States and China). And if you think we are cherry picking, the third (Japan) is even worse.



## QUARTERLY INVESTOR UPDATE




The graph on the previous slide tells us that from the founding of the Republic in 1776, US federal debt took 224 years to grow from zero to just over five trillion dollars at the dawn of the 21st century. In the last 24 years that debt *has grown 7 times* to stand at around $35 trillion today.

Obtaining Chinese debt data is more difficult. We've consulted ChatGPT to obtain an aggregate of both public and private sector debt. The numbers show an even more rapid accumulation than the profligate USA. This makes sense as the country was arguably under-borrowed in the year 2000 and has rapidly industrialised in the last two decades.

And before any sharp reader objects to us simply focussing on debt and not debt relative to the economy itself (akin to your credit card balance versus your take home income), rest assured that the growth of debt against GDP has also been rapidly escalating.

Now, here's the key point.

*On an aggregate demand level, new credit is someone's income, but no-one's expense.*

This is a concept seldom appreciated. But is vital for understanding today's muscular earnings, and why they are likely unsustainable.

Imagine there was no such thing as a credit card (or credit itself). Our expenditure would be limited to our income. And our income (whether salary, rent, dividend, or interest) *is paid by someone*.

However, when using your credit card for the first time (i.e. new credit), your payment is someone's income (e.g. that fancy restaurant), *but no-one's expense* (originating neither from your salary nor any investment income).

The problem with your credit card is that once you've hit your limit this stops. Sure, you can still use it as a payment mechanism. But you no longer play your role in the creation of what we can call *excess profits*. Your income now goes to pay down your credit card balance so that you can continue to use your card for payment. But, absent an increase to your limit, you are not creating any new credit.

This "problem", until recently, did not seem to apply to the public sector. There seemed to be no limit to what states and governments could borrow. It got even better when interest rates fell to around zero. In fact, some public issuers were borrowing at *negative rates*.

A nutty economic doctrine called Modern Monetary Theory shrugged of its straight jacket and started to gain some credibility (particularly amongst academics and bureaucrats). MMT suggests that a government in concert with its central bank has unlimited spending power as it can simply print more money or access unlimited credit.

The MMT mindset gained traction, and the US deficit ceiling was regularly raised – first with great howls from the opposition. And then simply with a shoulder shrug.

Linking these points together:

1. New credit boosts aggregate earnings: each dollar of new credit is someone's revenue, but no-one's expenditure.

2. In almost all countries, there has been an unprecedented growth in new credit, especially in the public sector.

3. The earnings of the private sector (which includes listed corporations) have been *the* major beneficiary.

Why should this be of any concern to investors?

Governments, corporates, and investors have grown used to the rocket fuel provided by enormous quantities of new debt. And, indeed, the party would continue if it weren't for several new developments that threaten its sustainability. Specifically, the reemergence of inflation, the cost of sustaining such a substantial amount of debt, and a buyer's strike. All three pose a challenge to the continued issue of debt at the rate of the last few decades.

Let's elaborate briefly on each point.

1. Inflation

One would have expected the creation of so much new credit to have produced much higher prices. Yet inflation remained muted over much of the post 2000 period, only flaring in 2021. Decades from now historians will do a better job at analysing this anomaly. But here are two possible reasons for this delay:

- The deflationary impact of technology. The timing was perfect. The inflationary impact of credit growth at the start of the century neatly coincided with the significant productivity gains introduced by the digital, dotcom era.
- The deflationary impact of globalisation. The inflationary impact of credit growth at the start of the century neatly coincided with the rise of low-cost China as the world's manufacturer of most things.

It seems that these two tectonic developments would have ushered in a period of falling prices (deflation), but instead were neutered by the inflation of rapidly growing debt.

Whilst technological advancements are still productivity enhancing, the impact is now less. This may be reversed by broad adoption and utilisation of Artificial Intelligence. But this is not a given.

Geopolitics has prompted globalisation to give way to onshoring. Politicians and business leaders have come to realise that relying on a possible future enemy as a supplier of important products is not an option. Same goes for the potential of disrupted logistics lines.

The two key drivers of deflation will most likely no longer be able to contain future inflation pressures.

Higher inflation rates may well limit future credit creation.

2. The cost of debt

Whilst interest rate cuts have commenced in many economies, we should realise that absent a depression, it is unlikely we'll ever see the lows of the post GFC period. Zero interest rate policy distorted pricing, resulted in poor investment decisions, polarised society (those with assets strongly benefiting from the elevated prices provided by lower discount rates), and provoked the greatest accumulation of (arguably) unproductive debt.

Rates may go lower. But even at lower rates, servicing such an enormous amount of debt hurts. In 2023, US military spending was greater than the next ten biggest spenders (Econofact). Frighteningly, the US interest bill (on just its federal debt) is now higher than its total military spending (Congressional Budget Office).

The cost of debt may well limit future credit creation.

3. Buyers' strike

New debt needs to be funded. Until recently China and Japan were significant purchasers of US government debt. China is not only not buying new debt but has turned seller. Japan's enthusiasm is on the wane.

There are many reasons why the appetite for public debt is being rethought. Some include the weaponisation of the US dollar, the perceived (actual) profligacy of many governments resulting in higher and higher debt issuance and debt levels, and the concern that inflation has not been tamed and therefore the possibility of capital loss.

Stanley Druckenmiller is one of Wall Street's most legendary figures. His track record is exceptional, having delivered an average investment performance of 30% per annum for thirty years. He has never had a negative year.

What's Stan's highest conviction trade today? Shorting US government debt.

The absence of motivated buyers may well limit future credit creation.

Just like a teenager learns the hard way that their new credit card has a cap, governments are now learning that their own credit issuance has a limit.

There is already evidence of a cool wind starting to blow in public debt markets. Commentators are scratching their collective heads following the recent 0.5% cut made by the US Fed. Rather than a general retreat in all interest rates along the yield curve (i.e. from short rates to longer rates), longer rates have actually *increased*.

## Conclusion

There is every likelihood that one of the main drivers behind corporate earnings, and thus the prices of many investment assets, is fading.

It is likely that we are now in the twilight of the great debt era. Confidence in this paper is ebbing. And, of great importance to investors, the fuel that this has provided to growth assets via unsustainable earnings will similarly retreat. As will prices.

## A possible sanctuary

Quality private debt, whilst not immune to material changes in the investment environment, should offer investors some sanctuary. The performance of this asset class is not driven by earnings, but by the quality of the counterparty and the strength of underlying collateral.

A deteriorating environment will affect some counterparties and will reprice some security assets. However, experienced management can mitigate this and appropriate loan to value ratios provide headroom.

More so, financiers like Monark are sufficiently small and nimble to cherry pick opportunities, rather than rely on general market movements. In every past serious financial dislocation, there have been pockets of stability. This is where we look to operate and to create value for our investors.

# Fund notes

The Fund's portfolio is now fully established and continues to perform strongly, providing investors with an Internal Rate of Return of 14.1% per annum.

Although tracking slightly short of our target return of 15% per annum, we are pleased with the performance. If you recall, the Fund was launched in March 2022, at a time when the Australian cash rate was a heady 0.1%. Since launch there have been 13 interest rate increases – four of 0.5% and nine of 0.25%, arriving at the current cash rate of 4.35%. It is common knowledge that higher rates have produced a great deal of stress, particularly in commercial real estate and property construction. We believe that the Fund's performance to date, in such a challenging environment, demonstrates both a robust strategy and a committed management team.

As at 30 September 2024, the Fund has a value of $61.5 million, $46.7 million of this is investor capital and $14.8 million accrued interest. The unit value is 95.5 cents.

A distribution of 8.38 cents per unit was declared on 30 September 2024 and paid on 1 October. It is therefore not included in the unit price of 95.5 cents. This distribution resulted from the selldown of the Fund's investment in the Rockpool Rainbow Bay project. Whilst the project is still progressing, we felt it made sense to exit the facility which had been substantially derisked and thus offered the opportunity to exit at a lower yield. The margin between the initial and exit yield will be accretive to the Fund's overall performance. We see this as an example of the proactive management we continue to apply with the objective of delivering the target IRR of 15% per annum.

We expect to make a further distribution of around 20 cents per unit in the 31 December quarter. This will bring total distributions to approximately 53 cents per unit. Investors can expect to receive a distribution in the first quarter of 2025 as the Hampton Hill project nears completion.

As distributions progress, some projects will have a higher weighting in the Fund's portfolio. Harli Estate, Cranbourne, has held the highest weighting since the inception of Series1. The project now accounts for 33% of the portfolio and deserves commentary in its own right. We also provide some specific commentary on The Carlile.

## QUARTERLY INVESTOR UPDATE

### Harli Estate, Cranbourne

We have always liked the fundamentals of Harli, and this judgement has proved to be correct. Series 1 funded the first two stages of the Harli land subdivision project. These stages are now complete and have been progressively settled. Sufficient proceeds have now been received to repay the senior debt which means Series 1 is now the senior financier. This then provides Series 1 investors with the desirable position of senior security *and* a mid-teens return. The developer is actively marketing the remaining lots in order to retire the Series 1 loan.

### The Carlile, Armadale

During the quarter, the developer associated with the Carlile project committed an act of default in terms of our Facility Agreement. To ensure the continued smooth progress of the project, we decided to take control and have appointed a Receiver. Construction is well advanced, the development is well presold, the facility's fundamentals are sound, and we expect our facility will perform as originally projected. We communicate this in the interests of transparency, not because we have any concerns with our position.

# Looking ahead

The strategy behind the High Yield Debt Fund Series continues to deliver exceptional risk-adjusted returns for investors. As described above, Series 1 is now well into its mature phase, with circa 53 cents per unit expected to be returned before the end of the year.

Series 2 continues to perform strongly and will make its first distribution in the 31 December quarter.

With Series 1 and Series 2 now fully deployed, and with a number of attractive mandates concluded by Monark's property origination team, we made the decision to launch Series 3. Information Memorandums were issued on 15 October with the offer period closing on 31 October. Series 3 will commence investing on 15 November. We expect a strong start having already assembled a high-quality seed portfolio comprising eight different projects.

As described in the *Investment Environment* comments earlier, we are of the view that major financial markets remain fragile, are arguably materially overvalued, and have been boosted by non-sustainable drivers. We believe we are now late in the bull market cycle and that the fabulous returns enjoyed by equity investors are unlikely to be maintained in the years ahead.

The current environment generally favours debt. But just like there were winners and losers in the equity and property bull markets, there will be both great and lousy investments in debt.

We believe that our niche, private debt secured against Australian real estate, *originated and managed by considered and experienced management*, will prove profitable and constructive for investors.

**We take the responsibility of managing your investment with us seriously and thank you for partnering with us.**

# Key Metrics

## $64.4M

Capital called

## $21.6M

Fund distributions

Of the $64.4M invested, $21.6M (33 cents per unit) has been repaid to 30 September 2024. This includes capital of $17.7M (27 cents per unit) and $3.9M (6 cents per unit) of income.

## 9

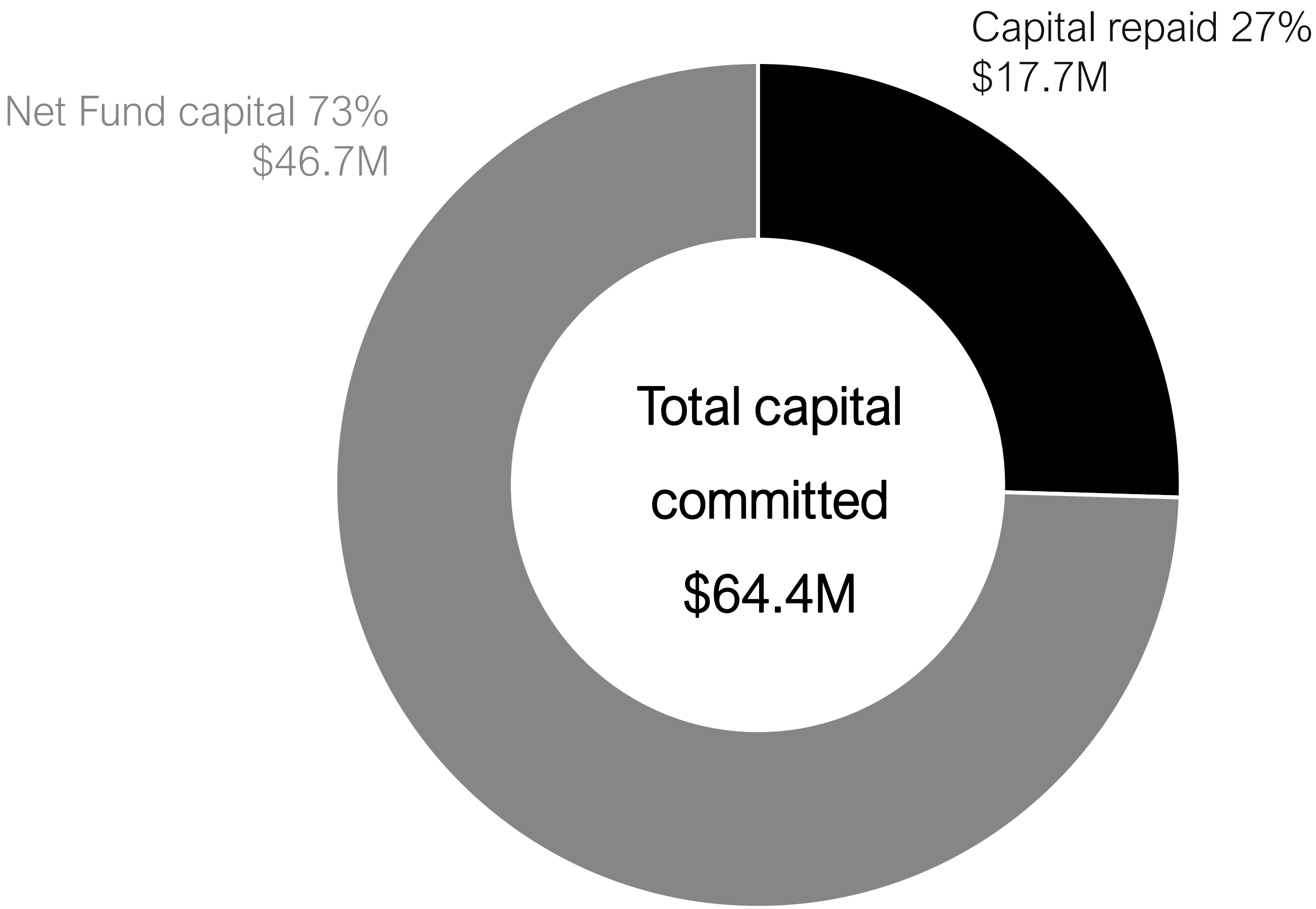
Number of portfolio investments

## 14.1%

Annual Fund IRR (net of fees and costs) from inception, 1 March 2022 to reporting date, 30 September 2024

# Fund Capital

| | Fund | Per unit |
|---|---|---|
| Total capital committed | $64.4M | $1.00 |
| | | |
| Capital movements | | |
| Net Fund capital – 1 July ’24 | $51.1M | 79c |
| Capital called during current quarter | - | - |
| Capital repaid during current quarter | $4.4M | 6c |
| Net Fund capital – 30 September ’24 | $46.7M | 73c |
| | | |
| Capital not yet called | - | - |



QUARTERLY INVESTOR UPDATE

# Fund Performance

The Fund’s net IRR from Inception to Reporting Date is 14.1%.

| | Fund | Per unit |
|---|---|---|
| Capital called | $64.4M | 100c |
| Capital repaid | ($17.7M) | 27c |
| **Net Fund capital** | **$46.7M** | **73c** |
| | | |
| Net income distributed | $3.9M | 6c |
| Net income accrued | $14.8M | 23c |
| **Total net income since inception** | **$18.7M** | **29c** |
| | | |
| **Annual Fund IRR from inception (1 March 2022) to 30 September 2024 [1]** | **14.1%** | |

1 The Fund’s final IRR will be determined after the repayment of all transactions in its portfolio.

# Detailed Investor Cashflows

## Capital called

| Date | Cents per unit |
|---|---|
| 1 March 2022 | 20c |
| 17 June 2022 | 18c |
| 3 August 2022 | 34c |
| 15 February 2023 | 10c |
| 19 April 2023 | 5c |
| 18 May 2023 | 13c |
| **Total capital called** | **$1.00** |

## Fund distributions

| Date | Cents per unit |
|---|---|
| 3 May 2023 | 3.77c |
| 16 June 2023 | 3.13c |
| 9 October 2023 | 3.26c |
| 6 February 2024 | 1.70c |
| 24 April 2024 | 13.25c |
| 30 September 2024* | 8.38c |
| **Total distributions paid**** | **33.49c** |

*Distribution of 8.38 cents per unit was declared on 30 September 2024 and paid on 1 October.

**Investors' tax liability is determined by your pro rata entitlement to the income earned by the trust and is not necessarily related to the capital and income components of actual cash distributions. Investors will be provided with an Annual Tax Statement, which we expect to issue within 60 days of financial year end.

QUARTERLY INVESTOR UPDATE

# Unit Value

| | Fund | Per unit |
|---|---|---|
| Net Fund capital | $46.7M | 73c |
| Net income accrued | $14.8M | 23c |
| | | |
| **Net asset value** | **$61.5M** | **96c** |

| | Per unit |
|---|---|
| Unit value as at 30 September 2024 | $0.96 |
| Total distributions (capital and income) per unit to 30 September 2024 | $0.33 |
| | |
| **Total growth per unit** | **$1.29** |

# Series 1 Portfolio as at 30 September 2024

| Facility | Amount deployed | Weighting |
|---|---|---|
| 1. Harli Estate, Cranbourne West VIC | $14.3M | 33% |
| 2. Boxshall Street, Brighton VIC | $6.4M | 15% |
| 3. Hampton Hill, Hampton VIC | $5.6M | 13% |
| 4. Horton Parade, Maroochydore QLD | $5.0M | 12% |
| 5. The Carlile, Armadale VIC | $3.6M | 8% |
| 6. Bridport Street, Albert Park VIC | $3.5M | 8% |
| 7. Westgarth, Fitzroy VIC | $1.9M | 5% |
| 8. Point Nepean Road, Rye VIC | $1.3M | 3% |
| 9. Land Subdivision, Deanside VIC | $1.2M | 3% |
| | $42.8M | 100% |

**PORTFOLIO REVIEW**

# Harli Estate, Cranbourne West

## 950 Western Port Highway, Cranbourne West VIC

Developer, Resolution Property Group (RPG), is collaborating with the vendor, Natural Resources Conservation League, to deliver an exemplar of environmentally sustainable development. Specifically, a land subdivision comprising 181 lots on a 9.2 ha infill site with homes having a 7-star NatHERS rating.

RPG is a property development manager company experienced in acquiring and developing master planned communities, residential land subdivisions, infill townhouse projects and residential/golf communities throughout Victoria.  Monark is a shareholder in the project.

Key Information:

| | |
|---|---|
| Developer | Resolution Property Group |
| Current Fund Investment | $14.3 million |

Project Update

- Both land settlement and receipt of a planning permit for the project took place in August 2022.
- The project launched on 15 October 2022. To date 77 (72 unconditional sales and 5 conditional sales) contracts have been concluded out of the 97 lots in Stages 1 & 2.
- Stage 1 was completed in March 2024 and Stage 2 received occupancy permit in September 2024.
- So far 70 lots have settled across the stages. The developer is actively marketing residual titled lots in Stages 1 & 2 and untitled lots in Stages 3 & 4.
- With the success of Stages 1 and 2, and the settlement of 70 lots, the Fund is now in a first mortgage, senior secured position.

**PORTFOLIO REVIEW**

# Boxshall Street, Brighton

## 28–30 Boxshall Street, Brighton VIC

The project comprises 15 luxury apartments. The land is a corner site in the blue-ribbon suburb of Brighton, offering views over the Town Hall and gardens.

Key Information:

| | |
|---|---|
| Developer | Jacmax Projects |
| Builder | Coben |
| Current Fund Investment | $6.4 million |

**Project Update**

- The project is nearing finalisation. Level 1 apartments are almost complete and Level 2 apartments will follow by late October, with joinery installation currently underway.
- Authority connections have been made and all services are connected to all apartments.
- A Statement of Compliance has been received from the Bayside City Council, and titles issued for all apartments.
- The Certificate of Occupancy (CO) will be issued in stages. The CO for the ground floor and lower level 1 apartments has been received and settlements have now commenced.

**PORTFOLIO REVIEW**

# Hampton Hill, Hampton

## 464-476 Hampton Road, Hampton VIC

The high-profile site, located in the Hampton Hill village, was amalgamated by purchasing six shops. Development of 29 boutique apartments (previously 32, but reduced to 29 following the amalgamation of four units) over five levels, and ground floor retail over 60 basement car parks. Designed by renowned architect, Woods Bagot, the project has been conceptualised as an Environmentally Sustainable Design with a 7.5 star NatHERS Energy Rating. Monark is a shareholder in the project.

Key Information:

| | |
|---|---|
| Developer | Lowe Living |
| Builder | Lowe Create |
| Current Fund Investment | $5.6 million |

**Project Update**

- Project received planning approval in October 2021.
- Since launch, the project has concluded 22 unconditional sales contracts (76% by number available). Half the retail area has been sold to an owner-occupier business.
- The structure is complete through to the roof level with framing and services rough-ins complete through level 4. Plasterboard installation is well advanced up to level 4 with joinery and floor finishes underway on level 3.
- The Developer is aiming to settle all the units except the penthouse prior to Christmas 2024 and the penthouse by February 2025.



**PORTFOLIO REVIEW**

# Horton Parade, Maroochydore

## 127–137 Horton Parade, Maroochydore QLD

This property is a corner site located within the Maroochydore CBD. It includes two commercial buildings with 50 undercover car parking bays and 16 uncovered car parking bays. The developer's strategy is to procure development approval for a multi-level residential project or hotel and then market the property as a ready-to-develop opportunity. Monark is a shareholder in the property.

Key Information:

| | |
|---|---|
| Developer | ZR Property Pty Ltd |
| Current Fund Investment | $5.0 million |

**Project Update**

- The property was successfully acquired on 30 June 2022.
- It sits on 2,978 sqm of land and has a Net Lettable Area (NLA) of 2,280sqm.
- The property is leased to A-grade tenants including ANZ, Department of Veterans' Affairs, Projex Partners and Full Life Psychology.
- The property is 100% leased and is currently generating sufficient income to service senior bank interest payments.
- In the interests of providing a more conservative assessment of fund performance, we stopped accruing interest on the Maroochydore facility from 1 April 2024. We made this decision due to the uncertainty of the exit value, a result of the volatility in office real estate. We believe it prudent to maintain the current carrying value until we obtain further clarity and determine an approach that provides for an optimal exit.

**PORTFOLIO REVIEW**

# The Carlile, Armadale

## 929 – 933 High Street, Armadale VIC

A luxury six-level development with nine apartments and two retail units. Three levels of basement car parking provide traditional garage and tandem car spaces accessed via a car lift. Designed by Bayley Ward, the apartments comprise two, three and four-bedroom units ranging in size from 107 sqm to 332 sqm. The apartments are proposed to be finished to a luxury standard featuring timber flooring, natural stone benchtops and splash backs, Vzug induction appliances, integrated Leibherr fridges and Vintec wine fridges, built in gas fireplaces, floor and wall tiled bathrooms with freestanding tubs and uninterrupted CBD views to the northwest for upper-level apartments.

Key Information:

| | |
|---|---|
| Developer | Hewson |
| Builder | Cobild |
| Current Fund Investment | $3.6 million |

Project Update

- A planning permit was issued by Stonnington Council on 23 August 2019.
- Demand for the units in the project has been strong with unconditional sales contracts concluded for five of the nine apartments and for both retail units.
- Design is complete with documentation required for Stage 4 – a final building permit and secondary consent documentation - now approved by council.
- The concrete structure is complete and the tower crane has been removed. Window installation is complete and the building is watertight.
- Internal wall framing is primarily complete on all levels and plasterboard installation is underway on levels 2 and 3 with lift installation scheduled for October.
- As detailed in the Fund Notes earlier, Monark has appointed a Receiver and taken control of this project, following an act of default by the borrower. We expect our facility to perform as originally projected.


**PORTFOLIO REVIEW**

# Bridport Street, Albert Park

## 146–150 Bridport Street, Albert Park VIC

The developer has strategically acquired and amalgamated three sites to develop a 5-level mixed-use development comprising luxury apartments, all with basement carparking, to be constructed above office and retail areas. The project is located in a high-profile shopping strip in the blue-ribbon suburb of Albert Park. Designed by well-regarded architecture firm Cera Stribley. Monark is a shareholder in the project.

Key Information:

| | |
|---|---|
| Developer | Jacmax Projects |
| Current Fund Investment | $3.5 million |

**Project Update**

- A planning permit application was submitted in December 2022.
- A VCAT application was submitted in March 2023, resulting in the securing of a planning permit in May 2024 for a four-level building.
- The developer, working with architects Cera Stribley, has reconfigured the scheme to re-instate the fifth level without compromising the approved building envelope.
- Following receipt of the endorsed plans based on the current permit (expected in October 2024), the intention is to apply for a Section 87A (Amend a Permit) via VCAT.
- The last of the three sites settled in September 2024. Monark has provided a new Senior Debt Facility for the amalgamated development site.

**PORTFOLIO REVIEW**

# Westgarth, Fitzroy

## 82 Westgarth Street, Fitzroy VIC

Designed by Melbourne architects, Walter & Walter, the project comprises 16 apartments and two townhouses built over six storeys.

Situated in the popular suburb of Fitzroy, the property is less than a 30-minute walk to the Melbourne CBD and just minutes from many local restaurants and cafés situated along Brunswick Street.

Key Information:

| | |
|---|---|
| Developer | Jarrah Property |
| Builder | AG Construct |
| Current Fund Investment | $1.9 million |

**Project Update**

- Monark settled the facility for the project in January 2023.
- 12 apartments and two townhouses have been presold, representing 78% of total stock. The facility is now fully covered by existing presales.
- The project achieved top-out (i.e. completion of roof slab pour) in December 2023.
- The structure and façade works are complete along with brickwork and the scaffolds have been removed. Internal wall framing and rough-in works are complete on all levels with joinery and finishes nearing completion on all levels. The car stacker and lift installation works are also complete.
- The project remains on track for a late 2024 delivery.

**PORTFOLIO REVIEW**

# Point Nepean Road, Rye

## 2123-2135 Point Nepean Road, Rye VIC

The Project is designed by Cera Stribley architects and is aimed at owner-occupiers / downsizers who are seeking high quality but low maintenance beachside retreats and are priced out of the Mornington / Sorrento & Mount Martha markets. The development consists of 20 apartments and ground floor commercial/retail spaces.

Key Information:

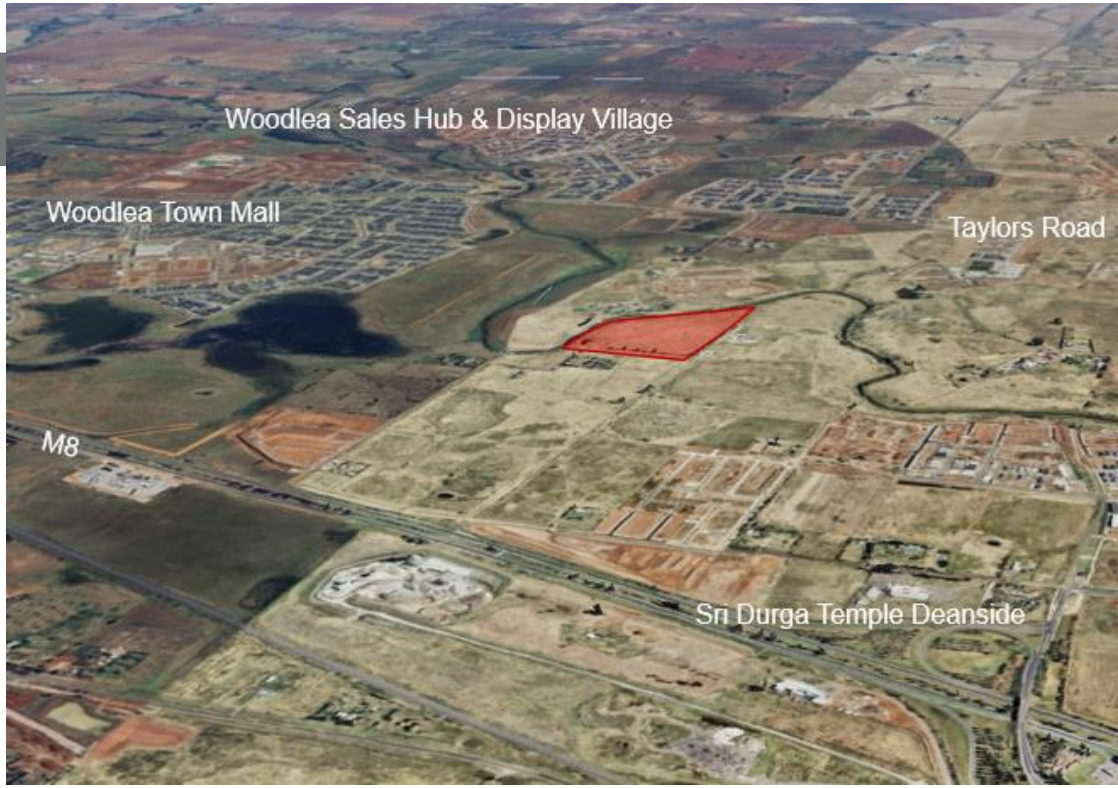
| | |
|---|---|
| Developer | Curtis York |
| Current Fund Investment | $1.3 million |

**Project Update**

- Land for the project was settled in October 2022.
- A planning permit for the project was received in November 2023 and the project was launched in late December 2023.
- Post launch, the developer has sold four units out of 20.
- The developer has entered into an ECI (Early Contractor Involvement) process with a preferred builder and has received a firm trade-backed quote.
- The developer is working towards a late December / early January 2025 construction start.

**PORTFOLIO REVIEW**

# Land Subdivision, Deanside




## 131-171 Deanside Drive, Deanside VIC

The land of 12.12 hectares, located at 131 – 171 Deanside Drive, has a net developable area of 6.7 hectares. The project involves the construction and development of 124 residential lots, providing affordable housing stock with an average lot price of $395k - a price point currently attracting strong demand.

Key Information:

| | |
|---|---|
| Developer | Solovey |
| Current Fund Investment | $1.2 million |

**Project Update**

- Financial close took place in February 2023.
- The developer has now engaged a majority of the consultant team via competitive tender.
- The town planning application is currently with Melton City Council for review.
- Council has requested for a CHMP to progress town planning application.
- After an extended period of negotiation, the Developer has completed a complex 'cultural heritage test results' meeting with Wurundjeri HQ and is in the process of submitting a final CHMP to Council.

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