

*Brickfloor is an award winning SMART residential property Fund (or Home Equity Fund) that combines returns from property ownership (rental yield and potential capital growth) with returns from an innovative product which provides sale price and sale timing certainty for home sellers*

## Product Overview

- Brickfloor (via the Fund) guarantees or underwrites an agreed sale price for a home seller's home (**Market Price Guarantee or MPG**) prior to or during private sale or auction
- MPG provides sale price and sale timing certainty for a home seller
- Fund acquires homes that are not sold at or above the MPG amount – homes are rented and later sold
- Fund collects fees (**Guarantee Fees**) for providing the MPG, supplementing Fund returns from rental and potential capital growth
- MPG amount is designed to be conservative and is supported by detailed valuation checks

## SMART Fund Investment Highlights

### 1. Unique and Scalable Offering

- Unique combination of guarantee fees, rental yield and capital growth provides Fund investors with exposure to Australian residential property on an attractive total returns basis
- Innovative, award winning, solution for home sellers, providing them with both outcome, pricing and timing certainty and negotiating leverage
- Scalable online platform supports considerable growth in MPG demand and fund size over time – \$2.5bn pa +

### 2. Large Market with Strong Growth Fundamentals

- Residential property is Australia's largest asset class (~\$9 trillion in value) and has outperformed all other major asset classes on a total return basis over the past 30 years, with low levels of volatility <sup>1</sup>
- Strong residential property fundamentals underpinned by ongoing population growth & housing supply constraints (despite increasing interest rates)
- Fund model assumes 6% p.a. average capital growth, which management regards as conservative over a medium to long term investment horizon

### 3. Diversified Property Portfolio and Income Sources

- Acquired properties are diversified across geographies, property values, property types and tenants
- Fund income sources are diversified across Guarantee Fees, rental yield and potential capital growth

### 4. Diversified Distribution Channels

- Multiple large scale channel partners to scale home purchasing including
  - Major lenders and mortgage brokers
  - Retirement village operators
  - Property portals
  - Real estate agents
- Brickfloor also distributes its MPG directly to the home seller consumer via digital marketing and public relations initiatives

### 5. Strong Target Investment Returns

- Attractive targeted returns for Fund investors
  - 8% to 10% p.a. pre-tax IRR, net of fees and expenses over an 8 year Fund term
  - 5% p.a. sustainable cash distribution yield from year 2
- To date, the Fund has delivered ~20% more capital growth (alpha) than the general property market since inception <sup>2</sup>

### 6. Low Risk Fund Investment

- Capital commitment via partly paid units for Fund investors with capital predominately drawn as and when homes are acquired
- MPG amount supported by a full valuation report provided by a leading independent valuation firm
- Well defined Investment Objectives/Criteria with a focus on established (vs. new) houses (vs. apartments)
- Residential property backed Fund – Australian residential property has experienced 1/3 to 1/10 of the volatility of the Australian share market over the last 30 years <sup>1</sup>
- Fund returns are resilient to property cycle downturns with a number of levers to protect Fund returns in a softening/more volatile property market (see below)



90-day exposure on existing underwrites reduces risk (with ability to pause new underwrites if needed)



Increased ability to lift Guarantee Fees on new underwrites as home owners place greater value on sale outcome and pricing certainty



Increased ability to reduce MPG amounts on new underwrites



Conservative MPG amounts provide capital value headroom



Increased volume given attractiveness of MPG to home sellers as they become more risk averse



Long-term investment allows Brickfloor to acquire/sell properties in strategic manner

### 7. Award winning SMART Residential Property Fund

- Brickfloor's multi-award winning SMART residential property fund uses SMART data to acquire SMART homes at SMART prices via its unique MPG product
- The Fund can be used by financial planners seeking home equity exposure for their clients, including HNW clients seeking a home deposit saving mechanism for their children



### 8. Socially Responsible Investment

- Part of the Fund to be allocated to affordable rentals for those in need (subject to meeting Fund target returns)
- Potential to increase housing affordability through encouraging listings of existing homes (increasing supply of homes on market) and encouraging developers to develop new homes where the MPG is extended to developers (increasing supply of new homes)

### 9. Experienced Management Team

- Fund Manager led by Founder & CEO, Dean Fraser – former investment banker (Greenhill Caliburn), ASX listed food company CFO (ASX:FOD), fintech business founder & lawyer (Minter Ellison)
- Highly credentialed and experienced Advisory Panel
  - **Matthew Quinn** – former CEO of Stockland, currently holds a number of Board positions
  - **Saul Eslake** – former Chief Economist of Bank of America Merrill Lynch and ANZ
  - **Ken Atchison** – founder of asset consultant, Atchison Consultants

## SMART Fund Structure



## SMART Fund Overview

<b>Fund Name</b>	BrickFloor Trust ( <b>Fund</b> )
<b>Structure</b>	Closed-ended unregistered Australian domiciled unit trust which will hold acquired properties
<b>Investment Timeframe</b>	8 years (including a 2 year initial investment period) with a target end date of 31 December 2026
<b>Investment Objectives</b>	To deliver investors an IRR of 8% to 10% p.a. (post fees and expenses and before tax) including a targeted distribution yield of 5% p.a. (post fees and expenses and before tax) from year 2
<b>Investment Strategy</b>	Seek to meet the Investment Objectives by generating (i) Guarantee Fees, (ii) rental income through renting acquired properties and (iii) capital growth from acquired properties
<b>Distributions</b>	Quarterly in arrears
<b>Withdrawals</b>	An investment in the Fund is illiquid and investors will generally not have the right to withdraw their capital from the Fund.
<b>Management Fee</b>	1% p.a. (plus GST) of the Fund's Gross Asset Value, calculated and paid monthly in arrears
<b>Performance Fee</b>	20% (plus GST) of the outperformance over the Base Hurdle Return of an 8% p.a. IRR (net of all costs and Management Fees), calculated and paid annually The Performance Fee is subject to a High Water Mark mechanism which is designed to ensure that no Performance Fee is payable until any past underperformances have been recouped
<b>Borrowing Policy</b>	Target Loan to Value Ratio of between 60% and 75% (subject to agreed lending parameters)

Note 1: Source: Atchison Consultants | Note 2: Relative to the CoreLogic Daily Home Value Index

## Capital Raising

- The Fund is seeking to raise up to \$50m of equity capital from wholesale investors
- The Fund is seeking further equity commitments by way of application for partly paid units
- Minimum applications are A\$500,000
- Capital raised by the Fund will be called upon, and primarily used, to acquire properties where a home seller exercises an option for the Fund to acquire their property at the MPG amount

## Next Steps

- Interested parties will receive a detailed Information Memorandum and Application Form
- All communications regarding this opportunity should be directed to the Fund's Trustee representative below

**Koby Jones**  
Managing Director  
The SILC Group

P: +61 3 9600 2828  
E: [investors@silcgroup.com.au](mailto:investors@silcgroup.com.au)

### Important Notice

This document is intended for general information of wholesale investors only. This should not be passed on to retail investors.

Units in the BrickFloor Trust ("Fund") will be issued by Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918, AFSL 407100 ("Trustee"), of which Brickfloor (Manager) Pty Ltd ACN 628 764 269 is the investment manager ("Investment Manager"). The Investment Manager is an authorised representative of the Trustee, Authorised Representative No. 1268061. This document has been prepared by the Investment Manager for the sole purpose of market soundings and without taking into account the objectives, financial situation or needs of investors. The Fund is not currently generally open to applications.

Before making any future investment decision investors should obtain professional advice and consider whether the information contained herein is appropriate having regard to their objectives, financial situation and needs. Investors should obtain a copy of the Information Memorandum ("IM") and consider the IM before making any decision about whether to acquire an interest in the Fund. The IM can will be available from the Trustee when the Fund becomes open to investment.

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