

MCCA ASSET MANAGEMENT LIMITED

MCCA PROPERTY FUND ARSN 116 851 980

PROPERTY DESCRIPTION STATEMENT

10 ALMAY GROVE, HEIDELBERG, VICTORIA 3084
DEVELOPMENT SUB SCHEME INVESTMENT

2 June 2016



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Important Notice:

This Property Description Statement is an important document and must be read in its entirety. If you do not have a copy of the MCCA Property Fund Product Disclosure Statement (PDS) dated 22 August 2014 then you must immediately obtain a copy from MCCA Asset Management Limited (the Manager). You cannot invest in the MCCA Property Fund unless you have a copy of the MCCA Property Fund PDS. Both the application form in the Product Disclosure Statement and the consent form in this Property Description Statement must be completed and executed by you before we can accept your investment. This document outlines the proposed Sub scheme property investment. We recommend that you discuss this Property Description Statement with your accountant or your financial adviser should you not understand how this investment affects your personal financial objectives.

There is a cooling-off period with this investment. You have 14 days to request in writing to the Manager the return of your investment monies from the time that we or the Custodian receives your investment monies. There may be fees or charges that we may charge in processing your cooling-off request. Cooling-off period does not apply if the settlement of the purchase contract for the land has been completed.

A - Summary of the Sub Scheme Investment

MCCA Asset Management Limited (the Manager) offers an opportunity to invest in a boutique property development project known as the 10 Almay Grove Sub Scheme Investment (Sub Scheme). This comprises:

- The development of five, architecturally - designed luxury town residences in the heart of Heidelberg. Heidelberg is an inner northern suburb located some 13 kilometres from the Melbourne CBD.
- The Sub scheme investment comprises the acquisition of the subject land from an unrelated third party for \$2.217 million inclusive of costs.
- A further \$1.273 million is required to develop the five town residences, inclusive of all costs and fees. The five units are expected to sell for a total of \$4.575 million.
- It is expected that the Sub scheme project will have a lifespan of 15 months from the time of unconditional acquisition of the subject land to final settlement of the development.
- More information (APPENDIX A)

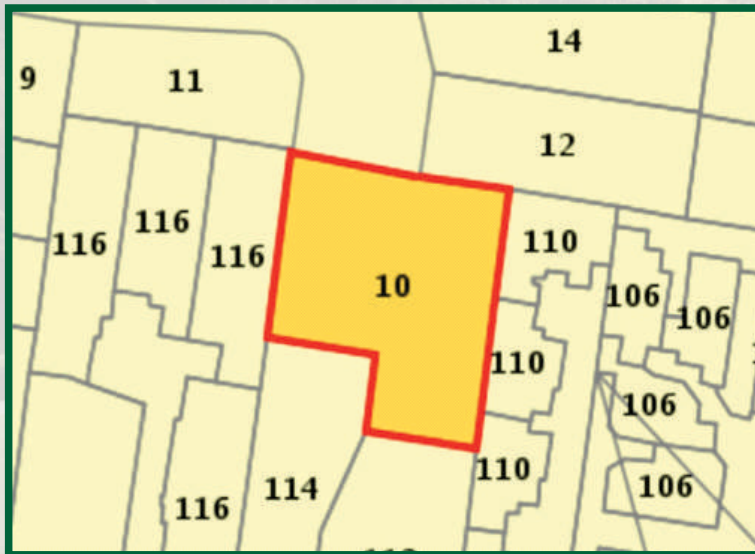
The Manager has signed the contract of sale for the purchase of the project site on the 6th May 2016.

The target Sub scheme anticipated investment return to be delivered is 15% per annum on annual basis. This return is contingent upon the actual return generated by the Sub scheme investment and there are no guarantees offered to honor the anticipated return on the subject investment. The investment is expected to be lucrative, therefore, the Investors should bare in mind that the funds are not accessible in a liquid form. Repayment of your investment monies plus your return of this investment is subject to the sale of the five town residencies, in which this sub scheme investment is composed of.

Site Location and Profile:

The subject development is located at 10 Almay Grove Heidelberg.

Current site conditions, site plan and aerial photo detailed below:



Property Summary:

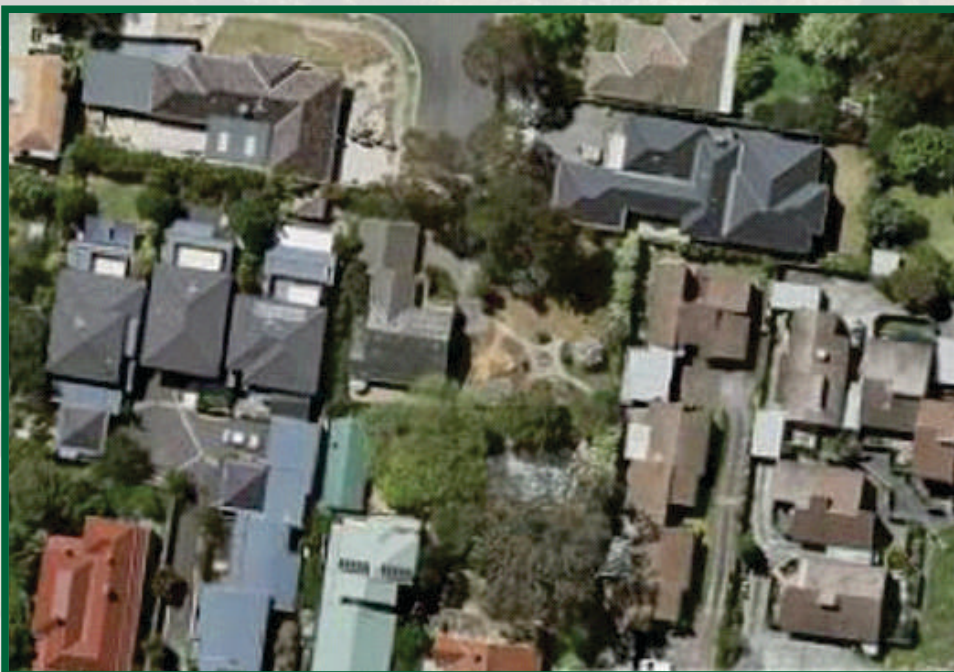
The property is situated within the heart of the prestigious and tightly held suburb of Heidelberg. It is glittered with fabulous flora and undulating hills, with superb views across the Dandenong Ranges. Heidelberg boasts excellent infrastructure and amenities, with hospitals, zone one train station and a bustling shopping precinct along Burgundy road. The property is just minutes away, such that residents in the area are close enough to everything they could possibly need, whilst enjoying the peaceful enjoyment that only a quiet cul-de-sac can offer.

Property sizes in the area are more typically in the 600-700 square meter range. This property is quite unique in that it boasts a huge 1357 square meters of land, offered as a well-proportioned block.

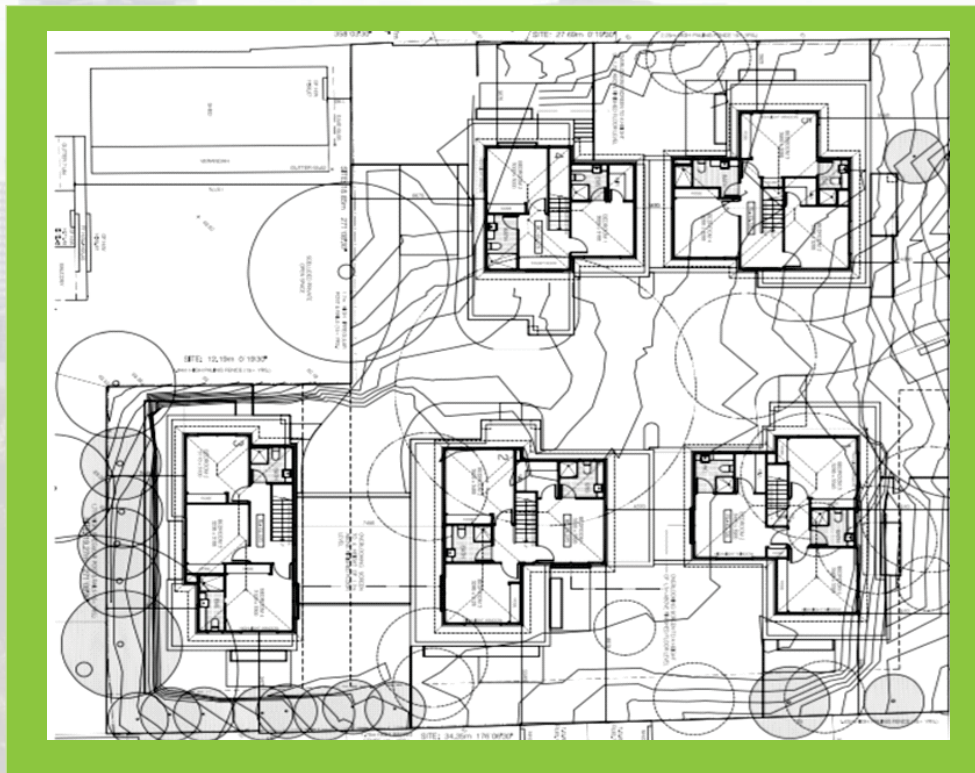
The property is an example of prime development real estate. It has a permit for five, double-story town-dwellings which have been designed to exceed town planning requirements and deliver on a vision of a boutique, luxury town-dwelling development which would appeal to buyers seeking a quality, brand new home ranging from two to four bedrooms in an area where the entry point for a 1950s family home is now consistently beyond the million-dollar mark.

Heidelberg has traditionally been a tightly held area. Market activity over the past 18-24 months has cemented the expectation that entry properties in the area are highly sought-after, with square meter rates for established properties regularly around the \$1,500 mark.

During the same period, local property experts are in agreement that the square meter rates across Heidelberg, Ivanhoe and Ivanhoe East are surprisingly very close. This understanding allows for a broader comparison of what is consider true blue-chip real estate.



Project overview - design and layout:



Site plan showing upper-floor layout and elevation

The re-development project on this site will see a transformation from the existing two-storey home to *five* independent luxury town-dwellings.

Key features include:

- Architecturally designed
- Double-storey layout across all town-dwellings
- 4 residences boasting 4 bed-rooms
- 4-bedroom dwellings incorporate ground-floor bedroom, broadening market appeal by allowing greater accessibility for down-sizers
- Generous open plan living throughout
- Two-bathrooms, with one bedroom with ensuite per dwelling
- Unrivalled open space with an average of approximately 116 square meters per dwelling

Stand-out features

- 4-bedroom design represents a true family home alternative to more expensive, smaller and older dwellings in the area.
- 4x double garages across the development (as opposed to exposed tandem car spaces commonly used)
- 2-bedroom dwelling provides generous living spaces for those not requiring the larger number of bedrooms, with very generous yard spaces
- dual-row layout on the property avoids the traditional sequential town-dwelling layout along the length of a property with a long, narrow drive
- Three dwellings on the eastern side of the property are expected to enjoy stunning views over the Dandenong Ranges.

Acquisition of the sub fund property:

The Manager has entered into a contract of sale on the 6th of May 2016 for the purchase of the development site with plans and permits for \$2.1 Million. The terms of the agreement are set out below:

Purchase price: \$2.1 Million

Due diligence with no-obligation period: 10 days from Friday 6th May 2016.

A further due-diligence period to raise investor funds: 30 days with a \$5,000 non-refundable deposit, in effect after the expiry of the 10-day obligation-free period.

Deposit: 10% of the purchase price (\$210,000), less \$5000 non-fundable deposit, payable after the expiry of the 40-day due diligence period anticipated 15 June 2016 unless varied by agreement with the vendor of the subject site.

Settlement: 90 days after payment of unconditional purchase deposit.

Cooling Off: You have 14 days to advise the Manager in writing from the date of receipt of your investment monies by the Manager or the Custodian of your desire to have your investment monies returned. There may be fees and charges in processing your Cooling Off request.

There is no Cooling Off if the property purchase contract has been settled.

The Sub Scheme Investment:

- Investment:** Investors are required to invest a **minimum of \$50,000.00**
- Investment Term:** Funds are anticipated to be held in the Sub scheme for a term of up to 15 months
- Target Return on Investment:** The Manager aims to deliver a return to investors of 15% per annum on an annualised basis from this Sub scheme investment. This targeted return is not guaranteed by the Manager.

B - The Sub Scheme Targeted Return

- a. **Investment return:** The targeted return is 15% per annum on an annualised basis. This assumes a project lifespan of 15 months.
- b. **Performance fee:** Investors will receive 50% of any surplus Sub scheme investment return above 15% per annum. The remaining 50% will be distributed evenly between MCCA Asset Management Limited and the Development Manager.

(refer to Appendix A for detailed project costings)

Source of Funds to be raised

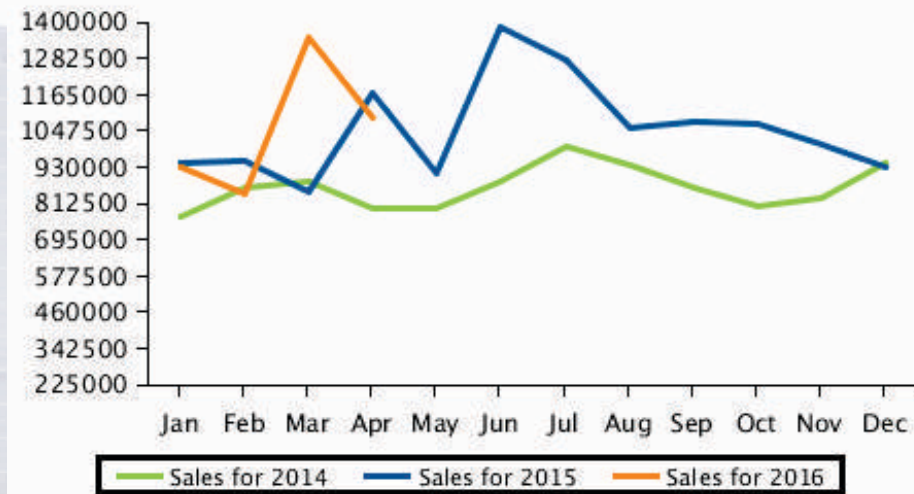
- a. **Investor funding:** Investors will contribute 67% of the total funding requirements for completion of the Sub scheme development. Once this amount has been raised from investors, the Manager will not be able to accept any further investment in this Sub scheme. Sub scheme development. Once this amount has been raised from investors, the Manager will not be able to accept any further investment in this Sub scheme.
- b. **Non investor funding:** There will be no **non Shariah Compliant development funding** to acquire the property. However, the Manager's MCCA Income Fund will provide 33% of the total funding requirement as a Shariah Compliant development funding facility ("MCCA Income Fund Facility") which will be charged at 8.50% per annum while the MCCA Income Facility is unpaid. A mortgage over the subject land will be taken by MCCA Income Fund to secure its facility to the project. The investors will not be personally liable for the repayment of the MCCA Income Fund facility.
- c. **Capital Raising Deadline:** If the investment monies are not raised in full by 15 June 2016 then the contract may not be settled and the Sub scheme may not proceed.
- d. **Underwriting:** This investment can be underwritten. MCCA Limited (the entity owning shares in the Manager, MCCA Asset Management Limited), may be asked by the Manager to underwrite the investment raising if there is a shortfall in money raised. MCCA Limited may receive a fee of up to 2.5% for underwriting. Should MCCA Limited remain as an investor it will be an investor in the Sub scheme on the same terms and conditions applicable to all other investors in the Sub scheme.

The Investment Risks

- c. **Sales Risk (The risk that the actual sales value of the five town residences is less than estimated)**
 - i. The Manager has undertaken the following to assess whether the net sales anticipated for the total development can be achieved:
 1. Vertical Real Estate Agents of Ivanhoe Office have independently assessed value of the units on completion. They have considered the state of the market, demand for units in Heidelberg and the most recent comparative sales. Their report has been provided to the Manager. Vertical Real Estate have formed the opinion that the total sales estimate of \$4.575 million is feasible. A copy of their report is held by the Manager.
 2. The Manager has conducted a detailed due diligence on comparable sales evidence. The Manager believes that there is sufficient market evidence from the recent sales evidence noted on the RP data base to consider the total sales estimate of \$4.575 million is achievable.

- 3 Demographics for the area are conducive to the sale of the proposed town houses, Heidelberg has strong demand from professionals given the amenities and vicinity to upper market suburbs such as Ivanhoe and Eaglemont. The subject location is well located near Heidelberg district shopping precinct and major hospitals. The residential sales median price in Heidelberg has been trending upwards over the last 12 months as indicated on the graph below.
(for further details please refer to APPENDIX B)

Sales Median Price - Heidelberg 2014 - 2016



d. Construction Risk (The risk of cost overruns and/or time delays and its impact on investor return)

- i. The Manager has engaged a qualified project manager to assess the construction budget and the adequacy of the building contract to complete the proposed development.
- ii. The construction of the five town residences will be delivered by a licensed builder suitably registered and with a track record in delivering projects of similar size and scope.
- iii. The building contract will be structured on a fixed time fixed price basis. The building contract will have penalties and liquidated damages for non-delivery of the completed town residences by the contract completion date.
- iv. The building construction budget will account for a contingency to allow for cost overruns.
- v. Progress claims will be signed off by an appropriate party as to design and value of works.
- vi. The core consultants for the project are:
 1. Architect/Architectural Building Designer: Taouk Architects/Property Designs Studio
 2. Engineer: ARX Consulting Engineers
 3. Project Manager: Patelco Pty Ltd
 4. Builder: To be appointed by tender
 5. Legal Adviser: Alan Burnes Solicitors
 6. Independent Valuation: Vertical Estate Agents

e. Facility Risk (in such a case that the Sub Scheme is in default to the MCAA Income Fund)

- i. The facility provided by MCCA Income Fund (Shariah compliant investment fund issued by the Manager and registered with ASIC) is limited to 33% of the total development budget. The facility cost is fixed at 8.50% throughout the term of the project. MCCA Income Fund facility is repaid on the settlement of the sale of the completed town residences. Investors are not liable for the repayment of the MCCA Income Fund facility.

f. Capital Raising Risk (in such a case that the Manager cannot raise the required monies)

- i. If the total development funds are not raised by June 15, 2016 or a later date if advised by the Manager, then the Sub scheme may not go ahead. In such case that the Sub scheme does not proceed, Investor monies held by the Custodian will be returned to investors within 28 days of cancellation of the Sub scheme investment.
- ii. The due date for the capital raising is June 15, 2016, or a later date where extended by the Manager and advised to investors. The Manager will advise all investors when capital raising has been completed. Monies will be returned to investors if this has not been achieved or an extension to the contract has not been negotiated with the vendor of the land.

C - The Sub Scheme Management Fees

The Manager will charge its management fees ONLY at the end of the project:

<i>Fee</i>	<i>Amount</i>	<i>When Paid</i>
MCAA Sub Scheme management fee	3.00% of total sales	Project Completion

The Sub Scheme Governance

- g. Custodian:** Sandhurst Trustees Limited will act as custodian. The property title will be held in the name of the Custodian. Similarly, the Custodian will hold any mortgage to secure monies advanced by the MCCA Income Fund. The Custodian holds the title and cash from the project on behalf of the investors. The Custodian does not guarantee the performance of your investment.
- h. Reporting and disclosures to the investors:** Investors will receive six-monthly status reports on the development progress. All reports will be available to investors via MCCA's website. At the conclusion of the development and final settlement of the five town residences, investors will receive a detailed statement that shows their initial investment and the total distributions made to them from the net profit of the development. Distributions made to the investors above their initial investment monies will be taxable.
- i. Investor Meetings:** The Manager has a right to call investor meetings where required. If this is necessary, the Manager will provide all Sub scheme investors written notice and agenda within the timelines detailed in the Constitution of the MCCA Property Fund.
- j. Taxation:** The Sub scheme does not pay tax. Similarly, the Manager does not pay tax on your share of the net profit distributed to you at the end of the development. Distribution of development profits will be detailed in the taxation statement sent to you at the end of the development expected 15 months from commencement. There are different tax issues to consider for non-resident investors. All investors are urged to obtain their own taxation advice.
- k. Shariah compliant investment:** The Shariah advisers engaged by the Manager have confirmed that this Sub scheme investment as presented in this Property Description Statement is compliant with Islamic finance and Shariah principles.

D - Consent to invest in the Sub Scheme

I/We having read the Product Disclosure Statement (PDS) dated 22 August 2014 for the MCCA Property Fund ARSN 116 851 980 and this Project Overview Statement for the 10 ALMAY GROVE DEVELOPMENT SUB SCHEME INVESTMENT dated 2 June 2016 consent to invest in the Sub scheme as detailed in this Project Overview Statement.

I/We confirm that we will not interfere with the operation and/or management of the Sub scheme and will abide by all lawful directions to Me/Us from MCCA Asset Management Limited as Manager during the time that I/We are an investor(s) in the Sub scheme.

I/We understand that any stated returns in this Property Description Statement are presented as a target return and not guaranteed by the Manager.

I/We understand that this Sub scheme investment is not liquid and return of my investment monies and any net distribution from the Sub scheme development including return of my investment monies will depend on the timing of the completion and sale of the proposed Sub scheme development.

I/We have also completed and executed the application form contained within the Product Disclosure Statement dated 22 August 2014 for the MCCA Property Fund ARSN 116 851 980

..... /..... /.....
Applicant 1 Signature

.....
Applicant 1 Name

..... /..... /.....
Applicant 2 Signature

.....
Applicant 2 Name

APPENDIX A

Sub Scheme development project feasibility assessment:

Unit No	SQM AVE	B.Rooms	Garage	\$ sq mtr	Price
Dwelling 1	174.5	4	Double	5,446	\$950,000
Dwelling 2	174.5	4	Double	5,446	\$950,000
Dwelling 3	174.5	4	Double	5,446	\$950,000
Dwelling 4	174.5	4	Double	5,446	\$950,000
Dwelling 5	127.9	2	Single	6,058	\$775,000
	826	TOTAL		TOTAL	\$4,575,000

COSTS & REVENUES		\$ Total	\$ per townhouse
Land Acquisition Costs			
Purchase Price	(Margin scheme)	\$ 2,100,000	
Stamp Duty		\$ 115,500	
GST (input)		\$ -	
Legal Fees		\$ 1,500	
TOTAL ACQUISITION COSTS		\$ 2,217,000	\$ 443,400
Development Costs			
Construction		\$ 930,000	\$ 186,000
Contingency	10.00%	\$ 105,500	
Professional Fee (Doc, Demolition, Dev Manager Fee)		\$ 142,500	
Contributions & Charges		\$ 85,000	
Marketing Cost		\$ 10,000	
TOTAL DEVELOPMENT		\$ 1,273,000	\$ 254,600
TOTAL PROJECT COSTS (Exl GST)		\$ 3,490,000	
Total Sales (incl GST)			
Total Sales (incl GST)		\$ 4,575,000	
Legal Fees		\$ 5,000	
Selling Costs (RE Agent)	1.50%	\$ 68,625	
Dev Manager Fee (2)		\$ 102,500	
MCCA Fee	3.00%	\$ 137,250	
MCCA project level gearing	33.00%	\$ 1,151,700	
Total Gearing Cost		\$ 83,819	
GST on Sale		\$ 225,000	
TOTAL PROJECT REVENUE (after GST paid)		\$ 3,952,806	
Gross PROFIT (over 15 months)		\$ 462,806	19.79%
Gross PROFIT (PA)			15.83%
Project duration		15	Months
MONEY NEEDS TO BE RAISED		\$ 2,338,300	

>> HEIDELBERG STATISTICS - A SNAP SHOT

Incorporating RP Data's Suburb Scorecard

HEIDELBERG - Median Price

Period	Median Price for Houses	Median Price for Units
2016	\$1,035,000	\$542,500

HEIDELBERG - Past Sales - Houses

2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
3	64	70	64	53	51	56	65	59	65

HEIDELBERG - Past Sales - Units

2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
10	48	70	44	57	75	50	79	57	83

Capital Growth

Period	Capital Growth % Houses	Capital Growth % Units
2015	23.1%	3.8%
2014	8.8%	-6.1%
2013	5.1%	17.5%
2012	-3.3%	-0.2%

Sales By Price (Past 12 Months)

