



RTC Neighborhood Shopping Center Trust No. 1

Rising Tide Capital is negotiating to acquire the asset between 6.25%-6.75% yield. The expected return on equity is over 8% on the cash on cash return before any capital increase through the improvement on the property or lease arrangement.

Deal Summary	
Investment Structure	Unlisted Direct Property Unit Trust. Investors have the opportunity to acquire the Units in the Trust which entitles them to returns (primarily income distribution, dividend income and capital gains) generated by the trust.
Trustee	Rising Tide Capital or it's associate entity
Investment Strategy	Acquire the existing neighborhood shopping center with potential to add value. Then hold the asset for at least three years while improving the asset value and release some or all the investors' equity either through refinance or sale.
Target Return	Targeting an income return to Investors of approximately 8% per annum over the medium to long term(pre tax, after all fees and expenses but before withholding tax payable by foreign resident investors)
Minimum Investment	\$500,000 subject to the Trustee's direction to accept lesser initial or additional amounts for new investors
Distributions	Monthly subject to the available liquidity
Reporting	Rising Tide Capital will prepare quarterly report to cover asset management and fund management.
Redemptions	Withdrawal request will be honored pro-rat on a quarterly basis subject to available liquidity. There is no minimum investment term.
Entry and Exit Fees	There are no entry or exit fees, but there is asset related fee see below.
Fees and Costs	Acquisition Fee: 1.5% of Acquisition Cost Asset Management Fee: 0.5% of equity invested Disposal Fee: 1.5% of Disposal Price Performance Fee: 20% over the target return on the annual base and disposal Others fee are related to asset and trust are paid by the trust such as accounting, legal and audit etc.
Borrowings	The Fund will arrange the finance no more than 55% LVR
Risk	It is important that you read and consider the risks (appendix B) associated with and investment in the Trust before deciding whether to invest. For example, distributions or capital returns are not guaranteed.

Acquisition Analysis

Acquisition Analysis			
Cap Rate	6.25%	6.50%	6.75%
Acquisition Value	\$ 13,390,592	\$ 12,875,569	\$ 12,398,696
Stamp Duty	\$ 669,530	\$ 643,778	\$ 619,935
DD	\$ 20,000	\$ 20,000	\$ 20,000
Legal	\$ 10,000	\$ 10,000	\$ 10,000
Acquisition Fee (1.5%)	\$ 200,859	\$ 193,134	\$ 185,980
Total Capital Required	\$ 14,290,980	\$ 13,742,481	\$ 13,234,612
Senior Loan LVR	55%	55%	55%
Loan Facility	\$ 7,364,826	\$ 7,081,563	\$ 6,819,283
Senior Interest Rate	3.0%	3.0%	3.0%
Annual Interest Expense	\$ 220,945	\$ 212,447	\$ 204,578
ICR	3.8	3.9	4.1
Net Income after finance cost	\$ 615,967	\$ 624,465	\$ 632,334
Equity Required	\$ 6,926,155	\$ 6,660,918	\$ 6,415,329
ROE	8.9%	9.4%	9.9%

Exit Analysis

Base case is to exit the investment in three years' time when the yield is reduced and rental increased through CPI review.

Exist Analysis Base Case	FY22	FY23	FY24
Cap Rate	6.00%	6.00%	6.00%
Net Income	\$ 846,432	\$ 871,673	\$ 897,850
Disposal Value	\$ 14,107,203	\$ 14,527,877	\$ 14,964,161
Disposal Fee	\$ 211,608	\$ 217,918	\$ 224,462
Sale Agent Fee	\$ 282,144	\$ 290,558	\$ 299,283
Net Sale	\$ 13,613,451	\$ 14,019,401	\$ 14,440,416
Loan Facility	\$ 7,081,563	\$ 7,081,563	\$ 7,081,563
Balance to Equity	\$ 6,531,888	\$ 6,937,838	\$ 7,358,853
Rent Collected	\$ 565,323	\$ 1,155,886	\$ 1,772,627
Total Return	\$ 7,097,211	\$ 8,093,724	\$ 9,131,479
Equity Invested	\$ 6,650,918	\$ 6,650,918	\$ 6,650,918
Net Return	\$ 446,292	\$ 1,442,806	\$ 2,480,561
ROI	1.07	1.22	1.37
Target Return	\$ 532,073	\$ 1,064,147	\$ 1,596,220
Performance Fee	\$ (17,156)	\$ 75,732	\$ 176,868
Return after Performance Fee	\$ 446,292	\$ 1,367,074	\$ 2,303,693
ROI	1.07	1.21	1.35

Appendix B Risks

MARKET RISK

There is a risk that the market value of the Fund's assets will fluctuate. This may occur as a result of factors such as economic conditions, government regulations, market sentiment, local and international political events, environmental and technological issues.

RELATED PARTY RISK

The Trustee may from time to time face conflicts between its duties to the Fund as trustee, its duties to other funds that it manages and its own interests. The Trustee will manage any conflicts in accordance with its conflicts of interest policy, the Constitution, ASIC policy and the law.

UNDERLYING INVESTMENT RISK

There may be external influences from time-to-time, including unforeseen items of expenditure which have not been budgeted for and loss of revenue, which adversely affect the income of the Fund. These may result in a reduction of distributions and returns.

Work Health and Safety Risk

There is a risk that liability arising from work health and safety matters at a property may be attributable to the Fund as the landlord or tenant as the case may be. To the extent that any liabilities may be borne by the Fund, this may impact upon the financial performance of the Fund to the extent it is not covered by insurance. In addition, penalties may be imposed upon the Fund which may have an adverse impact on the Fund.

INVESTMENT RISK

The value of an investment may rise or fall, distributions may or may not be paid and Investor's capital may or may not be returned. No guarantee is made by the Trustee, or any of their directors, associates or consultants on the performance of the Fund.

LIQUIDITY RISK

If an Investor was to seek to redeem its Units in the Fund the Trustee's ability to effect a redemption will be subject to the Fund having sufficient liquidity. In practice this may be dependent upon Fund cash reserves, undrawn available debt facilities, the issue of new Units or a combination of all of these. There is no guarantee the Fund will be able to redeem an Investors Units in whole or in part. Given the Fund is unlisted it can be expected that there is only a limited or negligible secondary market for Units.

BORROWING/DEBT RISK

The Trustee has borrowed money from a major bank or other financial institution to invest. This process, known as gearing, magnifies the effect of gains and losses on your investment and is considered more risky than similar investments that are not geared. If the value of the Assets or the income they produce falls significantly, the Fund may be unable to meet its loan obligations which may result in the sale of the assets.

Changes to interest rates or lender credit margins impact borrowing costs and ultimately impact the level of income an Investor will receive.

There is also a risk that the Trustee may not be able to refinance its borrowings when borrowing facilities mature. If this occurs, the Fund may lose value from selling Assets in poor market conditions in order to repay the borrowed amount.

The Trustee's intended approach is to actively manage the Fund's borrowings in conjunction with the lenders to help manage this risk.

MANAGEMENT RISK

The Trustee may elect to retire or may be replaced as the Trustee or the services of key personnel of the Trustee or its related parties may become unavailable for any reason.

There is always a risk that the Trustee may fail to identify and adequately manage the investment risks in the Fund's portfolio and thus affect the ability to pay distributions or reduce the value of the Units.

The Fund is relying on the ability of the Trustee and its investment professionals to achieve the Fund's objectives. If the Trustee and their investment professionals were not to continue in their respective roles, the Fund may not be able to achieve its objectives.

LEGAL, REGULATORY AND COMPLIANCE RISK

Changes in government legislation, regulation and policies generally could materially adversely affect the operating results of the Fund. Although unable to predict future policy changes, the Trustee intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

CYBER RISK AND EXPOSURE

Investors should be aware that while the Trustee has implemented technologies, processes, and practices designed to protect its networks, devices, programs, and data (or Information Technology Systems) such Information Technology Systems may still be subjected to malicious attack, damage, or unauthorized access.

Such Information Technology Systems may include the storage of information concerning an Investor's identity, financial interests or other personal details provided to the Trustee in connection with their investment in the Fund.

In the event serious harm is a likely outcome of a breach of the Trustee's Information Technology Systems, the Trustee will notify the affected individuals and recommend steps that ought to be taken in response to the breach. The Trustee may also be required to notify any regulatory authority as required by law.

TAX RISK

Tax regulations can change and changes can be adverse. Prospective investors should consider their own circumstances before investing.

THINLY-CAPITALISED MANAGEMENT

The Trustee does not have any material independent financial resources. If an action or claim is brought against the Trustee and such claim is not covered by the professional indemnity arranged by or on behalf of the Trustee, the Fund cannot assure that the Trustee will have sufficient financial resources to cover any amounts payable under any such claim. Indemnity insurance should be sort.

OTHER RISKS

It is important to note that not all risks can be foreseen. It is therefore not possible for the Trustee to protect the value of the Fund's investment from all risks. Prospective investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Fund having regard to their individual circumstances, including investment objectives, their level of borrowings, their financial situation and individual needs.