

**Eagle Eye Market
Real Estate/Funding Proposal**



Proposal

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Funding a Real Estate Investment Program.

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Fund Manager



Description

Eagle Eye Market, LLC. is seeking funding from Real Estate Investors for investment and 8- 10% initial capital growth monthly.

Our funding request and return on investment analysis are included. We are seeking the flexibility, guidance, experience and funding your group has to offer for the growth of our business.



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Executive Summary

This document is issued by Eagle Eye Market Fund Manager, for the purposes of illustrating the key business, market and financing matters pertaining to the company's Capital Investment Proposal for Real Estate Development Managed Fund. The investors will have sole ownership of the fund in return of the Capital Investment. The Fund is invested into residential and commercial real estate development projects.

Investment Proposition

- The Fund is designed to enable Investors to participate in the profits obtained from the development, active asset management, and sale of a range of real estate development projects.
- The fund will aim to generate approximately 8-10% of initial capital growth on development profit per month which will be left with the property and only realized on the sale at the end of the development.
- The Fund will aim to maximize long-term total returns, being the sum of income returns and growth, through the acquisition, refurbishment, holding, and disposal of real estate interests.
- The Fund will offer exposure to several development projects, thereby significantly diversifying Investors' risk.
- The Fund will not take undue planning risk and will only invest, acquire or hold interests in assets which has clear development opportunities. It is intended that the fund will target opportunities with lower levels of development risk.

Investment Strategy

The Fund strategy is to exploit the current climate of the real estate market, in particular through strategic real estate development projects, acquisitions, and active asset management. The Fund Manager's proposed focus will be on real estate development projects or real estate assets, and the intention is to seek out investments wherever and in whatever asset class the Fund Manager considers the best opportunities lie. Although the Fund Manager does not currently propose that the Fund will take a passive interest in real estate investments, the Fund Manager will retain the ability to enter into a variety of investment structures, including joint ventures, acquisitions of controlling interests or acquisition of minority interests, if considered suitable. In addition, the Fund Manager may take any strategic real estate development projects in the real estate market if considered suitable.

The Investment Strategy will be incorporated into the Limited Partnership Agreement. The Fund Manager will be able to agree on practical changes to the Investment Strategy if these are considered to be beneficial for the Fund and the Investor.

Investment Process / Investment Principles

The Fund has been established to provide mezzanine and preferred equity finance to developers and development partners in order to earn investment returns from later stage real estate development projects.

The Fund intends to invest in either the residential, retail, commercial or industrial markets of real estate development projects and real estate assets that are well located for their use; that have scope for short to medium term value enhancement through active asset management and where the downside is protected either through long term, secure rental flows or through underlying capital values either in existing or alternative uses.

With this objective in mind, the Fund intends to provide the highest return possible to investors whilst balancing the need to safeguard all investments through the application of prudential and investment controls. The Fund Manager's analysis of all investment opportunities is underpinned by a disciplined and analytical approach. The Fund Manager will ensure that it:

targets investments that fit within the Investment Criteria;

only considers projects and investments where the assessed returns are commensurate with the investment risk and consistent with the Fund's return objectives for Investors;

conducts a comprehensive due diligence process on each project or investment; appropriately structures each investment with all necessary input from professionals

including valuers, builders, project managers, solicitors, and quantity surveyors; proactively manages and monitors each Fund investment and underlying project.

The combined skills and experience of the Fund Manager will provide it with the requisite ability to discriminate between competing investment proposals, assess the project specific risks, and determine the appropriate structure of any investment by the Fund.

The Fund Manager has identified certain real estate sectors that it believes will present a number of attractive opportunities for the Fund to invest in. The Fund Manager has identified opportunities in the residential and commercial real estate markets of Central London with more attractive purchase yields driving higher investment returns.

The Fund Manager will oversee the implementation of the project strategy with the project manager responsible for the day to day operation and delivery of the project milestones and ultimate completions. This proactive approach to investing is the best way to preserve capital invested and optimize the performance of a project investment.

Investment Criteria

Fund investments in a particular project must meet the following Investment Criteria:
(a) the Fund may only be invested in real estate development projects and property assets that are well located for their use; that have scope for short to medium term value enhancement through active asset management; and where the downside is protected either through long term, secure rental flows, or through underlying capital values either in existing or alternative uses;

(b) properties will be primarily freehold

(c) minimum investment for development sites will be \$1,000,000

(d) no maximum investment

(e) in the case of borrowing, the following risk management criteria will be implemented:

maximum senior debt in any project which will be ranking in priority to the Fund not exceeding 60% of the project's on-completion valuation (net of GST).

maximum loan to valuation ratio ("LVR") of 60% of the project's on-completion valuation (net of GST)

credit approved senior debt commitment must be in place to provide the balance of project funding;

the Fund's investment in the project and accrued equity advance will be repayable within 6 - 24 months of initial investment depending on the size of the development project.

the Fund's right to the repayment of profits to the investors must rank behind any borrowings on the project.;

(f) the Fund will not take undue planning risk and will only acquire or hold interests in assets which have clear development opportunities. It is intended that the fund will target opportunities with lower levels of development risk;

(g) project's development sites or properties will be purchased, if possible, at a discount to the market valuation.

(h) construction projects must have a fixed price and term building contract with an experienced and reputable builder;

(i) all real estate sectors may be considered with a Fund portfolio weighting toward the residential sector;

(j) no more than 50% of aggregate capital commitments may be invested in any strategic property development projects in overall real estate market if considered suitable;

(k) the Fund must exercise adequate control over the project via contractual arrangements with the borrower or developer;

(l) an external valuation will be required for each acquisition and disposal;

(m) where the development partner does not possess all the requisite skills to complete the project, an independent development manager will be engaged;

(n) appropriate levels of pre-sales or pre-commitments subject to market risk assessment will be at the Fund Manager's discretion; and

(o) a clear exit strategy for each investment must be formulated and only projects capable of returning capital and profits to the Fund within the two year term of the Fund will be considered.

The Fund Manager will have the discretion to vary the Investment Criteria for a particular investment regarding the investment's risk or return profile, but only on a unanimous basis and only where the underlying project risk profile and/or other risk mitigation, such as lower financial gearing and/or additional security, have been taken into consideration and warrant those amendments.

Active Management of the Investments

The Fund Manager will ensure that the developed projects or the acquired properties are well maintained and will endeavor to maximize returns. Whilst market yields are out of the control of the Fund Manager (EagleEye Market), rental income profiles, the condition of properties, and their relative attractiveness to tenants are not. With these aspects actively managed, the Fund Manager believes that the value of the property assets that the fund will invest in should be relatively more able to withstand market downturns, and well placed to benefit from re-rating when the cycle recovers. The Fund Manager's intention is to improve income profiles and add value to the Fund's real estate portfolio through superior asset management techniques.

The Fund Manager intends to implement a thorough and disciplined approach to asset management with a view to managing the risk profile of income streams including rigorous analysis of tenant financial strength and delivering attractive returns for investors.

Investment Exit Strategy/Charges and Returns

The Fund Manager shall identify the appropriate exit strategy, when making an investment, within the strategy of the Fund depending on the types of investments as follows:

(a) Real estate development for sale:

The exit strategy shall consist of the sale of the developed properties, which may include residential and commercial properties.

The sale would typically start during the construction phase to end users or to investors.

(b) Development or acquisition of income properties:

The Fund Company may develop or acquire such properties with a view of leasing them, stabilizing the income, and disposing of the entire portfolio of Properties together or individually by way of a private treaty to a property company, institutional investor or individual.

The profit share component from each project will be shared 20% to the founders and 80% to the investors (token holders) of all of the residual profits after all expenses.

Due Diligence

A comprehensive due diligence process will be conducted by the Fund Manager on each investment proposal prior to making any investment decision. Specific due diligence by the Fund Manager will depend on the circumstances of the investment but will be likely to include:

(a) an analysis of supply and demand dynamics of the underlying property, including market prices of comparable properties and a satisfactory site or property visit;

(b) an assessment of the capability and expertise of the developer to complete the project;

(c) an independent valuation and market research report supporting the project feasibility and/or property value within acceptable limits;

(d) an independent quantity surveyor's estimate of the forecasted construction costs and duration, supporting the project feasibility;

(e) an assessment of the capability of the builder to meet its fixed price and terms of building contract commitments;

(f) evidence of exchanged sales contracts or lease commitments of a minimum amount as required by the Fund Manager.

(g) evidence of appropriate insurance;

(h) identification of investment risks and structuring of the investment to mitigate such risks and maximize returns;

(i) evidence of compliance with all applicable statutory requirements such as:

a development planning consent;
construction completion certificate

(j) facility documentation drafted and certified by a panel solicitor, to include:

minimum second ranking mortgage over the underlying property or development agreement;
minimum second ranking fixed and floating charge or similar security over the assets and undertakings of the borrower;
a builder's side contract (where appropriate);
a priority deed between the senior lender and the Fund (where appropriate); and personal guarantees (where required).

Project Monitoring

One of the primary roles of the Fund Manager is to monitor the ongoing performance of the project underlying each investment made by the Fund. Each project will be required to provide the Fund Manager with formal monthly reporting on the progress of the project, together with periodic reporting incorporating:

senior debt progress claims certified by the quantity surveyor in the case of borrowing involved;
an updated project feasibility based on actual results to that point in time and revised projections;
a construction report covering all the key milestones of the building program and an explanation of progress to date including any potential or actual delays or problems;
an up to date marketing report showing each unit or house and its sales and/or leasing status; and
details of any other issue that may impact on the project.

Generally, the Fund Manager will meet with the development partner and other project counterparties on at least a weekly basis to discuss the progress of the project.

Fund Structure

The fund structure is a privately managed portfolio or segregated portfolio where the fund and its assets do not form part of any pool of other investors outside the Zebtron Investments fund. With a privately managed portfolio or segregated portfolio fund structure the investor will have the following advantages:

A customized Approach: Investors will be able to have a say in their investment in terms of risk appetite/tolerance, exposure preferences, liquidity requirements, and elimination of heightened indirect exposure. Therefore, individual investors will be able to address any concerns or requirements to protect their investment while enhancing their returns.

Direct Ownership: Investors will have direct ownership of the fund and its assets.

Flexible Fees: By investing in a privately managed or segregated portfolio the investors are not subjected to the high fixed cost structures of pooled portfolios and there are no hidden costs.

Tax Advantages: Investor specific tax needs and circumstances can be taken into consideration when establishing the fund.

Direct communication: Investor has direct access to the fund manager and can contact the fund manager to discuss progress or specific issues.

Risk Factors

Investment in the Fund involves significant risk factors and it is important that prospective investors closely review and understand these risk factors before making an investment in the Fund. Among the risks specific to an investment that the Fund Manager wishes to bring to the particular attention of prospective investors are the following:

(a) Project development risks;

All construction and development involve an element of risk, construction costs of a project may exceed original estimates, and construction may not be completed on schedule;

occupancy rates and rents at a newly developed property may not be sufficient to make the property profitable;

rental rates per square foot could be less than projected;

financing may not be available on favorable terms for the development of a property; and

there may be delays or an inability to obtain necessary zoning, land use, building, occupancy and other required governmental permits and authorizations

(b) Environmental risks

Whilst the fund manager will ensure that all developments are assessed from an environmental perspective, there may be instances where environmental issues do not come to light until building work has commenced. This risk will be mitigated by ensuring that appropriate due diligence is undertaken prior to investment and only reputable experts will be instructed to carry out the environmental surveys.

(c) Liquidity

The fund has a medium to long term business plan that includes an opportunity for investors to sell their tokens when EagleEye Market is ready for release to the open market. Although the Fund will only invest in projects with a clearly defined exit strategy, the disposal of projects will be subject to market conditions prevailing upon completion of the project.

(d) Tenant Risk

The project's construction and development will proceed on the basis of, the tenant already being formally committed to the building, or without a tenant in place. In the event of a tenant cannot be found within a reasonable time after the building has been completed, the fund will suffer a rental shortfall and incur additional costs including legal expenses and the cost of maintaining the Property until it is re-let. This may have an adverse impact on financial returns.

(e) Market conditions

The fund will be subject to normal market fluctuations and other risks inherent in undertaking developments. The real estate development market is of a cyclical nature. This may adversely affect project revenues and profits as well as reduce investment returns to the fund. The Fund Manager will seek to mitigate this market risk by: assessing the revenue in the feasibility study prepared by the project manager/developer against existing market prices; cross checking revenue assumptions with an independent valuation; and only funding projects with an appropriate level of pre-sales or lease pre-commitments

(f) Counterparty

The development project may involve development partners that will have the primary responsibility for project delivery and a risk exists as to the development partner's expertise and credit worthiness. The Fund Manager will seek to assess each development partner through appropriate due diligence prior to investment in order to mitigate this risk. The purchaser or lessee of part or all of a project may default under their pre-sale contract, other sale contract or lease agreement leading to a delay and/or reduction in project revenues and returns to the fund. Sales and/or leases to a range of purchasers and lessees provides some diversification to mitigate the risk of any one defaulting, while the fund manager will seek to assess the financial capacity of individual purchasers/lessees where the project is heavily reliant on their contract completing.

(g) Taxation

The fund manager will attempt to structure the investment in the fund in a manner that is generally tax efficient for the investor and the fund. There is no guarantee, however, that these structures will be tax efficient or that any particular tax result will be achieved. Therefore, investors are strongly advised to consult their tax advisors as to the consequences of investing in the fund.

(h) Political and/or regulatory risk

The value of the Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on investment and currency repatriation and currency fluctuations. Prospective investors must rely on their own examination of the legal taxation in the countries of their respective citizenship, residence or domicile. In addition, prospective investors must assess financial exchange control regulations and other consequences of investing in the fund.

(i) No Operating History

The Fund has no operating history. The past experience of the fund manager is not necessarily indicative of the prospects of the fund and no assurances can be given that the investments in the Fund will provide acceptable rates of return.

Fees and Expenses

The Fund's expenses consist of fees including

operating expenses;

expenses incurred in the acquisition and development of real estate including lawyers' fees, real estate agents

Management Fee

During and after the Investment Period, the Fund shall pay the Fund Manager an annual fee (the "Management Fee") equal to one half percent per annum (0.5% p.a.) of the gross asset value of the Fund calculated and payable quarterly in arrears.

Other Operating Expenses

The Fund Manager will incur costs and expenses for and on behalf of the Fund in its role as manager of the Fund. The Fund will reimburse the Fund Manager for any costs reasonably incurred in this role including:

Expenses incurred in the acquisition and development of real estate including lawyers' fees, real estate agents and brokers' commissions, due diligence expenses and fees, transfer fees, property managers fees, leasing agents' fees, portfolio managers fees, accountants, custodians, domiciliation agents, paying agents, transfer agents, tax advisors, legal counsel, and other consultants and third-party service providers; all third-party out-of-pocket costs and expenses, if any, incurred in developing, negotiating, structuring, acquiring, holding, refinancing, pledging or disposing of Investments, including without limitation, brokerage, third party finders' fees and custodian fees and expenses;

all fees related to any proposed investment that was not completed such as broken-deal expenses;

the cost of any litigation, insurance, indemnifications or extraordinary expenses or liabilities relating to the affairs of the Fund;

expenses of liquidating or dissolving the Fund;

any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund,

all unreimbursed out-of-pocket expenses for payments made to or on behalf of the Fund or other costs of the Fund;

Reporting

The Fund Manager will distribute annual audited financial statements and unaudited financial statements on a quarterly basis. The Fund Manager will keep the Investors informed of the financial and business affairs of the Fund by website and email and also report from time to time on any initiatives undertaken by the Fund Manager. The Fund Manager will be placed under a positive obligation to report any issues of substance to the Investors.

