



2020 Financial Report

November 4, 2020

Dear Jenny & Bruce,

Trust you are having a great day. Glenn Hankinson here, National Director - Client Support for Bugwash Property. It is with great pleasure that I share with you the following message and updates.

You have investments in the following properties:

Contact UT Number	Property Address	Number of Units Owned	Percentage of Ownership
012	Unit 22 num 3031 The Boulevard Emerald lakes Carrara	51619	9.8398
041	16 Lake Street Varsity lakes Gold Coast	100000	5.3743
041	16 Lake Street Varsity lakes Gold Coast	15000	0.8061

Message from the Founders:

David Bugeja & Brian Washbourne

Dear Property Investors.

We hope this financial report finds you all in good health.

Please find enclosed a copy of your property investment financial statements of the 2019-2020 financial year.

WOW, this was a very unusual financial year, with the unexpected arrival of COVID-19 creating uncertainty for the Australian and global financial and property markets.

However, South East Queensland property prices are currently showing a resilience compared to other locations around Australia.

Although it's difficult to know exactly what the overall impact has and will have on the SEQ property market, we have reported that, as at June 30th, 2020 the estimated value of the property held in this Unit Trust is the same value of the previous financial year.

Our director of client Support Glenn Hankinson is available if you have any questions.

Rental Outlook:

Rental demand remained strong during this period, vacancy times between new tenants was less than 2 weeks on average and we managed to increase rental amounts on lease renewals across most properties.

Market Opinion:

Property Market Outlook:

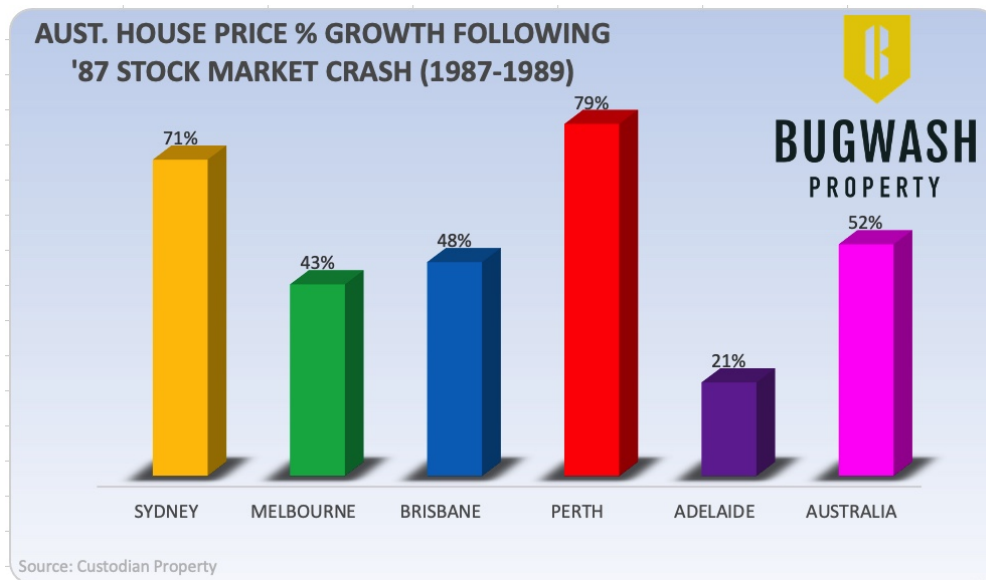
We are continuously researching the property market to make sure our client's investments are the very



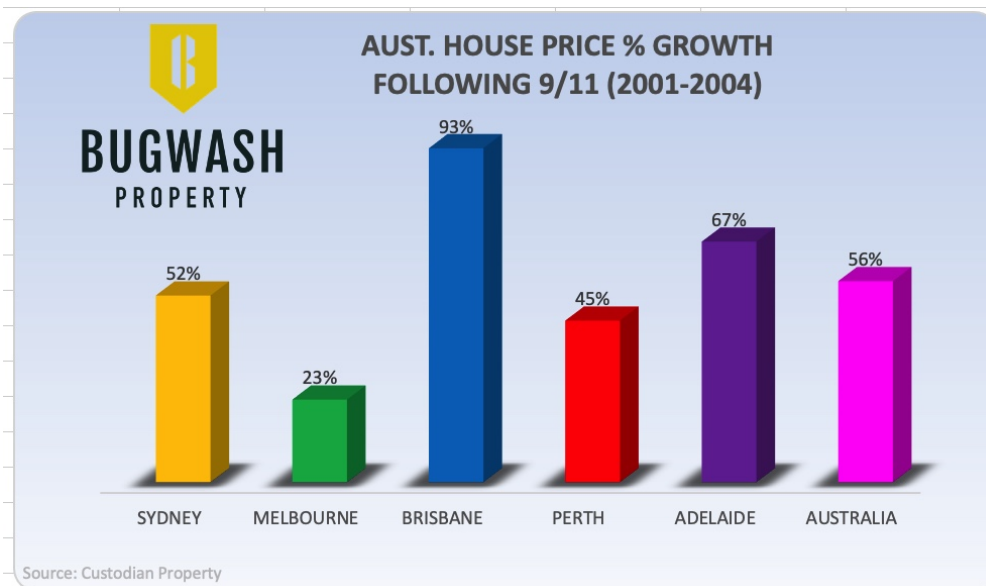
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best available. We have concentrated our research on historical property data to see what we can expect will happen to property prices in times like these 'Black Swan' events and it's been extremely interesting.

The 1987 stock market crash saw it drop 59% in a single day. Unemployment went to over 10%, but interestingly in the 2 years following, we saw property prices go up 52% Australia-wide.



Then again after the September 11 attacks in 2001, the stock markets crashed, airlines went broke and unemployment went through the roof, but Australian house prices surged forward, increasing by 56.2%.



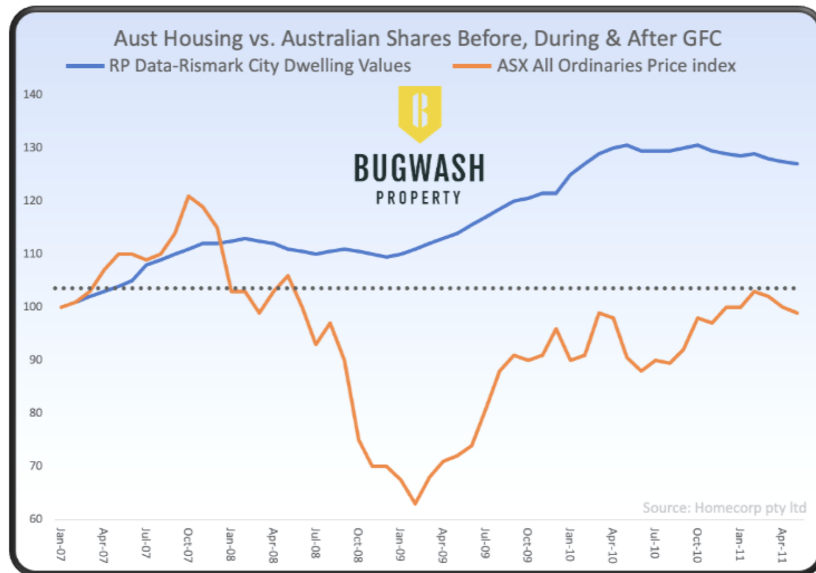
Research tells us that this happens for a number of reasons; Governments throwing billions of dollars into the community through their stimulus packages. (The Coronavirus stimulus is by far the largest amount even allocated). This is money that can never be taken out of the market, it is there to stay and will have a massive impact on the economy.

Stockmarket crashes are a result of billions of dollars being taken out of the market. Investors start looking for a more solid investment option and with property being the most trusted and time proven asset class in Australia, the demand for property seems to always go through the roof after 'Black Swan' events like



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these. As a result, property prices tend to surge upward.



We are super excited about the outlook for 2021. The following article is one of many that is in line with our beliefs and enthusiasm.



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Outbreak of record sales

Pandemic proving profitable for property

ELIZABETH TILLEY

QUEENSLAND is on the cusp of a property boom that could see prices skyrocket by more than 20 per cent in some areas and last for years to come.

Fears of a real estate armageddon in the wake of the pandemic have been replaced with a surge in confidence in the Sunshine State's housing market, driven by an exodus to lifestyle and affordability, infrastructure spending and cheap money.

From Cairns to Coolangatta, demand is at an all-time high and sale-price records have been smashed since COVID-19 took hold in March, while the state's southern counterparts are languishing.

New data from CoreLogic, analysed by Finder, has found house sales in Brisbane jumped 21 per cent between June and July and increased nearly 23 per cent — a bigger rise than in any other capital city.

And industry experts expect interstate migration to surge when the borders reopen and COVID refugees flood the state.

Economists at Westpac who were forecasting price falls of 10 per cent at the start of the year are now predicting a 20 per cent rise in Brisbane property prices over the next two years — the highest of any capital city.

Propertyology head of research Simon Pressley is expecting boom conditions "not seen in this country since the turn of the century" by Christmas — but not in Melbourne or Sydney this time.

"Queensland can expect to finally be the beneficiary of strong property market performance," he said. "We have to go way back to 2007 since anywhere in the state except Noosa produced a year or more of strong capital growth."

"Call me an idiot if you want, but 20 per cent price growth over the next 12



Melbourne couple Jeni and Chris Holmes have moved to Queensland and bought a house in New Farm during COVID. Picture: Liam Kidston

months in several locations will not surprise me in the slightest."

Mr Pressley said the boom would be driven by upgrades taking advantage of low interest rates, first-home buyers, and buyers motivated by a work-from-home shift.

"And this is before the enormous amount of federal government funding for infrastructure projects and job creation programs kicks in," he said.

BuyersBuyers.com.au co-founder Pete Wargent also sees significant property price growth for Brisbane and lifestyle locations within the state.

"Absolutely, 20 per cent capital growth is on the cards for suburban houses over the coming few years," he said. "This week, a vacant 607sqm block in Kedron sold for a sub-

urb record of \$1155 million and there were 39 registered bidders at the auction, which is effectively 20 per cent year-on-year growth right there."

"Not only is that a big price, the aggressive bidding suggested there are 38 disappointed bidders still out there searching amid a lack of listed stock."

Ryder Property Research managing director and Hotspotting.com analyst Terry Ryder is also predicting a nationwide boom, excluding Sydney and Melbourne, with Queensland set to be a major driver because of the "exodus to affordable lifestyle".

It's a trend he said was already under way before COVID-19, but one that had become a "stampede" thanks to state lockdowns and the work-from-home phenomenon.

"Brisbane's affordability, lifestyle and better climate than, say, Melbourne, and the fact that the virus has been kept under control quite well are other factors bringing people here," Mr Ryder said.

Planned spending on infrastructure in the state, including projects already under way, are another reason Queensland is set to benefit, he said.

"Anything shovel-ready will be fast-tracked, that was made clear in the Federal Budget," he said.



RECORD BREAKING SALES IN QUEENSLAND DURING COVID-19

Address	Sale price	Sale date	Previous suburb record
2 Heron Ave, Mermaid Beach	\$25m	May	\$25m
8 Noosa Court, Noosa Heads	\$14m	March	\$11.25m
14 Sutherland Ave, Ascot	\$13m	March	\$11m
32-36 The Anchorage, Noosa Waters	\$12m	August	\$10.3m
2/56 David Low Way, Sunrise Beach	\$10m	August	\$8.6m
32 Sentinel Court, Raby Bay	\$8.5m	August	\$8.1m
59 Molonga Tce, Graceville	\$6m	Sept	\$3.92m
21 Watson St & 73 Landsdowne St, Wilston	\$5m+	Sept	\$3.85m
97 Petersen St, Wynnum	\$2.85m	Sept	\$2.44m

In fact, double-digit price growth is already being seen these regions.

A new house price record was set for the Gold Coast in May when a Mermaid Beach mansion fetched a whopping \$25 million, the \$14 million sale of a Hastings St apartment in March set a new price benchmark for Noosa Heads, and the Brisbane bayside's highest sale price was eclipsed in August with an \$8.5 million home sale.

The latest CoreLogic figures show home prices in Brisbane and surrounding regional areas rose 0.5 per cent in September, while they fell 0.9 per cent in Melbourne and 0.3 per cent in Sydney. CoreLogic head of research for Australia Eliza Owen said Brisbane and other parts of SEQ would likely see a boost to housing de-

mand once borders opened.

"This is because Queensland has been the highest recipient of interstate migration over the past few years, and the normalisation of remote work through COVID-19 may only boost that demand further," she said. "Between low mortgage rates, low COVID-19 cases and an improvement in consumer sentiment, there may be a broader increase in values in late 2020 and early in 2021."

Jeni and Chris Holmes moved from Melbourne to Brisbane before the lockdowns were introduced and just bought a house in New Farm off-market through buyer's agency Cohen Handler.

"I'm certainly glad we've made the move now," Mrs Holmes said. "We've got family there and they're so envious."

Kindest Regards
David Bugeja & Brian Washbourne
Co-Founders Bugwash Property

We would like to thank you for being part of the Bugwash Property community and look forward to a continued exciting future in property together.

GLENN HANKINSON
NATIONAL DIRECTOR - CLIENT SUPPORT
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