

PRIVATE LOAN INCOME FUND



**9%pa
Income
Target**



**Monthly
Distribution**



**Open
Ended Fund**



**Backed by
Mortgage
Security**

Diversified exposure to our best private loan opportunities, backed by mortgages over Australian property. With a maximum of 65% LVR on the portfolio, investors' capital is significantly shielded from property market moves. AVARI are experts in loans offering higher risk adjusted returns.

Land

Residential or commercial development land

Residual Stock

Completed apartments and townhouses

Commercial

Office & logistics acquisition/re-finance

Construction

Residential or commercial construction

GROUP AUM
\$1bn+

**EXISTING LOAN
FUND SINCE**
2015

**FUND LOSS
RATE**
0%

Why Invest

- **Stable - predictable monthly income secured by mortgages**
- **Access to Loans - diversified funds allows access to short term or specialised deals**
- **Market - banks are reducing lending to this area of the market due to regulation**
- **Portfolio Diversification - returns not correlated with equities, bonds or property**
- **Higher Yields - private debt provides significantly higher yields than many fixed income investments**
- **Risk/Reward - the portfolio is backed by real assets with conservative LVRs which provide attractive returns for the risk taken**



Why AVARI

- **We are different from most private lenders as we are also active in buying, developing and managing property - we currently manage over \$1bn in assets**
- **We have completed many residential developments and understand every process from buying to approvals to construction and sales**
- **Our background in development means we have a full in-house property team which includes; architects, project managers, interior designers and analysts. We have the ability to step in and complete a project if ever required, meaning we can deliver a better outcome for investors**
- **Our experience and team means we understand market values better than standard lenders, we also know first hand what can go wrong and what to look out for**
- **We invest our own money in each deal**

How We Assess Loans

AVARI assess deals from the perspective of property investors as opposed to traditional lenders and will only fund opportunities they would be comfortable owning and managing. If it is a good investment we can find a flexible solution to make it work for us and the borrower

PROJECT DUE DILIGENCE



- Project exit strategy
- Cashflow forecast
- Business plan; sales, rental, construction & development
- Market conditions for sales & leasing
- Technical construction conditions

BORROWER REVIEW



- The Fund assesses the background of the borrower; track record, credit history, gearing status, and financial condition of the group or related parties.
- Test the capability of the borrower in delivering the project business plan and loan repayment.

RISK CONTROL MEASURES



- Limits on additional borrowing
- Manager must approve any major spending, including paying debt
- Step-in rights to Manager to complete project in case of default
- Conservative LVR
- Engage third party valuers
- Borrower to meet defined conditions/milestones

CREDIT REVIEW



- Test probability of project reaching key milestones or exit
- Stress test pre-sales level and price
- Test income for debt serviceability
- Identify project risk factors that may trigger default
- Design control methods for each risk factor

SECURITY REVIEW



- Assess and stress test the security value and LVR
- Test gearing level in different stages and recoverable value
- Assess 1st mortgage holder's rights and impact on loan in case of default

LOAN TERM FORMULATION



- Post DD final terms offered; amounts, term, repayment schedule
- Review title, planning, zoning etc
- Legal review of leases, incentive agreements, OC rules & sales contracts
- Technical reports; electrical, fire, structure or other specialists

Investment Terms

Fund Inception	March 2021
Target Distribution	9%pa (after fees)
Minimum Investment	\$50,000
Income Distributions	Monthly
Management Costs	0.5%pa
Performance & Exit Fee	nil
Max LVR	65% Average
Liquidity	Monthly
Allowable investors	Wholesale only
1st Mortgage	Yes
B Tranche 1st Mortgage	Yes
2nd Mortgage	Yes

Contact

Simon Riordan
Partner
Head of Distribution
0411 087 408



Disclaimer
This document has been prepared by Avari Capital Partners Pty Ltd (ABN 86 626 245 172) [an affiliate of Avari Holdings Pty Ltd (ABN 88 603 200 648, AFSL 472222), formerly known as Acer Capital] for information purposes only. The information is only directed at investors who are wholesale investors or professional investors pursuant to the Corporations Act 2001 (Cth). This is not an offer to sell or a solicitation or an offer to subscribe or purchase or a recommendation of any securities referred to herein and the information has not taken into account any potential investors' personal objectives, financial situation or needs. Before investing, you should consider your own objectives, financial situation and needs or you should obtain financial, legal and/or taxation advice. The financial forecast and forward-looking statements contained in this document are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Avari. Avari does not give any assurances that the results, performance or achievements expressed or implied will actually occur.