

MOELIS AUSTRALIA SECURED LOAN SERIES

Overview

The Moelis Australia Secured Loan Series ("the Fund") aims to provide investors with diversified exposure to a portfolio of registered first mortgage loans over Australian property. The Fund targets lower risk, secured loans capable of delivering attractive cash yields.

Market Opportunity

Moelis Australia has witnessed an increasing pool of borrowers seeking funding outside traditional banking sources. This has followed moves by the Australian Prudential Regulation Authority ("APRA") to slow property asset price growth with macro-prudential regulations for authorised-deposit taking institutions ("ADIs") like the major banks. To date, these ADIs have dominated the Australian mortgage market, which is worth an estimated \$1.7 trillion in asset value¹.

The RBA² has estimated that the non-ADI market in Australia, while much smaller than comparative economies at 6% of the market, has been growing strongly in recent years yet has still not reached the 10% of the market it held prior to the global financial crisis.

About Moelis Australia Asset Management

Moelis Australia Asset Management originates and manages investment opportunities for sophisticated and institutional investors in real estate, credit, private equity and venture capital.

We are a principal investor in our many funds on the same terms as clients ensuring strong partnerships and aligned objectives with our growing base of domestic and international wholesale investors. Moelis Australia Asset Management has \$3.3 billion in assets under management including \$500 million³ in credit and fixed income.

Fund Highlights

Structure	Australian wholesale unit trust
Target distribution yield	7.0% to 8.5% p.a. net of fees and expenses
Unit issue price	\$1.00 per unit
Fund term	Open-ended
Distributions	Monthly
Redemption notice date	Last day of each calendar quarter
Redemption date	As soon as practical; generally subject to loan maturities and within 12-months of the Redemption notice date
Eligibility	Wholesale investors only
Fees	Establishment Fee: nil Management Fee: 0.85% p.a. of Net Asset Value (NAV) accrued daily

Fund performance summary - 31 December 2018

Inception	1 month	3 months	6 months	Since inception (p.a)
April-18	0.7%	2.0%	4.0%	8.0%

1. IBIS World, Mortgages in Australia, Feb 2017
2. Financial Stability Review 2017
3. As at July 2018

About the Fund

Moelis Australia's experienced real estate credit team use strict investment and risk criteria to select loans for the Fund.

Diversification

The Fund is designed to provide exposure to a mix of residential and commercial property in metro and key regional locations and therefore no single loan or counterparty is more than 25% of the portfolio.

Loan duration

Loans are intended for a maximum period of 12 months and assessed to ensure clear exits at the end of the loan term. Shorter term loans are intended to provide the Fund with greater liquidity.

Credit position

Properties have a target loan-to-value ratio of between 50%-60%, with a maximum of 65%.

Senior secured status

All loans are secured by a registered first mortgage over Australian property. All loans are secured on commercial terms.

Property marketability

Properties are located in areas with strong domestic appeal.

Moelis Australia Secured Loan Series	
Strategy assets under management ¹	\$159,207,508
The Fund's assets under management	\$74,222,558
Number of loans	20
Total loans	\$61,422,712
Average investment	\$3,071,136
Weighted average LVR	62.0%
Largest investment	\$9,832,500
Committed not settled	-
Uncommitted capital	\$12,799,846
% of uncommitted cash in the Fund	17.2%
Loan term profile (at drawdown)	
<6 months	3
6-9 months	-
10-12 months	15
>12 months	2
LVR profile	
<50%	-
50-60%	8
60-65%	11
65%	-
Interest rate profile	
8-8.9%	1
9-9.5%	8
9.5-10%	8
>10%	3

As at 31 March 2019

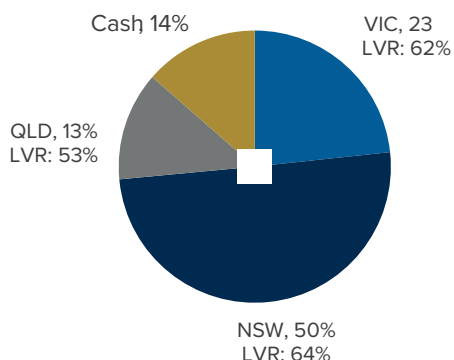
1. Total AUM of two funds managed by Moelis Australia Asset Management employing the same strategy as the Fund.

Examples of properties assessed for the Moelis Australia Secured Loan Fund.

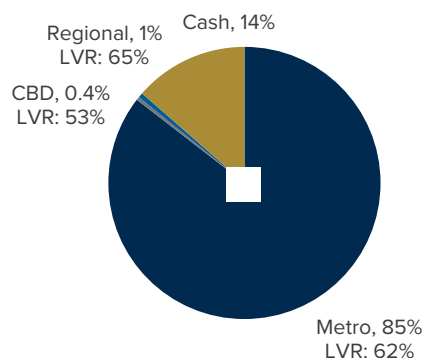
Invested		Declined	
Property location	Balmain, NSW	Property location	One of the most exclusive residential suburbs in a capital city
Security	First mortgage over a 62m ² one bedroom one car park apartment in Balmain. Purchased off-the-plan by a foreign buyer. Bank policy change meant a previously approved loan was withdrawn leaving borrower at risk on settlement. We provided a 12-months bridging mortgage to help facilitate settlement.	Security	High-end residential house on over 2,200m ² land. Funds to be used for extensive renovations.
Borrower	Non-resident investor	Borrower	Experienced and qualified builder
Purpose	Acquisition finance	Purpose	House renovation
LVR (as is)	60%	LVR (as is)	Subject to independent valuation report, likely below 60%
Fund return	9.95% p.a.	Guarantee	Personal guarantee
Guarantee	Personal guarantee	Manager view	<ul style="list-style-type: none"> Unclear market demand, and depth, for the specific high-end residential market Manager considered there was heightened liquidity risk due to the nature of renovations proposed for the asset
Manager view	<ul style="list-style-type: none"> Asset is a well-built apartment in a highly sought inner city residential suburb and was built by a reputable developer demonstrating good product market-fit. LVR was sufficiently low to provide headroom in a recovery scenario. 	Outcome	Declined
Outcome	Invested and repaid. Loan obligations maintained throughout term		

Portfolio snapshot (as at 31 March 2019)

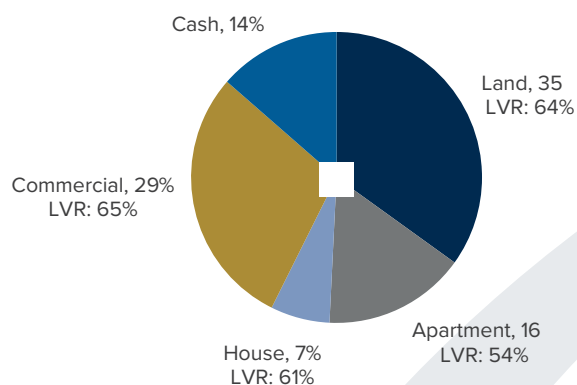
Exposure by state



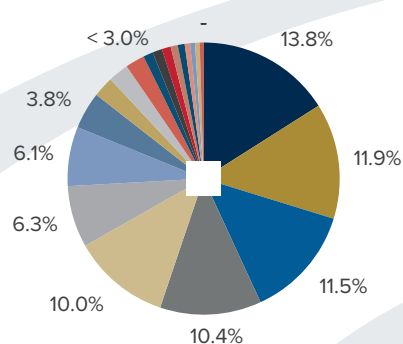
Exposure by region



Exposure by property type



Exposure by loan size



For more information and to express your interest:

moelisaustralia.com/funds

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