Remara Private Credit Fund

INVESTMENT RATING REPORT

April 2024

INVESTMENT RATING: **SUPERIOR**

PRODUCT COMPLEXITY: **COMPLEX**

Fund Details

Investment Manager: Remara Investment Management Pty. Ltd.

Investment Structure: Australian Unit Trust

Wholesale/Retail: Retail & wholesale

Category: Australian credit

Investment Style: Diversified Australian credit

Inception: August 2022

Management Fee: 0.5% p.a. plus cost recoveries to a maximum of 0.25% p.a. (both excl. GST)

Performance Fee: Nil

Distribution Fee (external brokers): Nil

Responsible Manager/Entity: Melbourne Securities Corporation Ltd. (MSC)

Investment Objective: To provide a stable monthly income from a diversified portfolio of debt securities. The Manager is targeting net returns of 4% per annum above the 30-day BBSW.

Performance (Net) – January 2024

Period	Return	Annualised
3 months	3.4%	13.6%
6 months	6.9%	13.8%
1 year	13.0%	13.0%
Since Incept.	12.2%	12.2%

Source: Remara Investment Management

Review Summary

The Remara Private Credit Fund (the Fund) is an open-ended, unlisted fund that invests in a diversified pool of loans to consumers and small-to-medium businesses (SMEs) in Australia. It is managed by Remara Investment Management Pty. Ltd. (the Manager), a part of the Remara Group.

The Fund seeks to provide stable monthly income with a high degree of capital preservation. The Fund is targeting a return of 4% p.a. over the 30-day bank bill swap rate (30-day BBSW), currently equating to a target return of 8.35% per annum (net of management fees). We note that over the last 12 months and since inception, the Manager has materially exceeded this target.

The Fund provides exposure to the SME and real estate finance sectors. Unique in its sector, the Remara Goup (Remara) pursues a vertical integration model with respect to the loan origination parties. Remara has ownership stakes in 4 originators, Dynamoney Ltd. (SME lending), Soda Capital Pty Ltd (floorplan finance), Marble Money Pty Ltd (consumer credit) and Remara Credit Pty. Ltd. (real estate finance).

An investment in the Fund is implemented by way of securitised warehouse notes. As such, investors' monies are allocated to particular tranche notes in particular warehouses. Across all warehouses, investor capital is supported by a 5% first-loss equity buffer in addition to the retention of the net interest margin earned by the 4 originators. Given that Remara has material interests in the originators, this structure creates an exceptionally strong alignment of interest between the Manager and investors in the Fund.

The Fund is structurally complex. But at the heart of that complexity is what, in our view, provides various risk-return attractions for investors. The vertical integration of origination, for example, 'future-proofs' the Fund's investors against potential margin compression in the warehouse SME lending segment in Australia as there are a finite number of strong originators.

The warehouse structure also serves to provide unparalleled collateral protections for investors in the Fund. Like all SME warehouse facilities, investor capital is supported by multiple layers of collateral protections. Additionally, while not a collateral protection, it is important to note that Remara is very much focused on the 'prime' borrower segment in all debt verticals.

Investment Rating and Foresight Complexity Indicator

A **SUPERIOR** rating indicates the highest level of confidence that the Fund can deliver a risk-adjusted return in line with its investment objectives, given the current growth of SME and real estate lending in Australia. The investment manager's support for this strategy is experienced and well-resourced.

Designation as a **COMPLEX** product predominantly relates to the multiplicity of warehouse structures and, in turn, the multiplicity of lending verticals. This complexity provides various risk-return attractions for investors. The vertical integration of the origination process adds an additional level of complexity but also serves to mitigate margin compression risk for investors over the foreseeable future.

Fund Details

Dominant Strategy	The Fund will consist primarily of Australian credit investments with exposure to syndicated loans, asset-backed securities and collateralised debt obligations.
Fund Type	Registered investment scheme
Investment Manager	Remara Investment Management Pty. Ltd.
Trustee/RE	Melbourne Securities Corporation Ltd.
KEY FEATURES	
Fund Inception	August 2022
Domicile	Australia
Legal Form	Registered investment scheme
Geographic Mandate	Australia
Open/Closed	Open
Management Costs	0.50% p.a. MER plus cost recoveries up to a maximum of 0.25% p.a.
Performance Fee	Nil
Distribution Fee	Nil
Benchmark	30-day Bank Bill Swap Rate (90-day BBSW) plus 4% p.a. Currently 8.35% p.a.
Distributions	Monthly (15th of each month), reinvestment available
Funds Under Management	As of January 2024: Fund – $10.2M, Remara Group – $855M
Minimum Subscription	$10,000
Minimum Balance	$10,000
Entry Fee	Nil
Fund Term	Open-ended
Reporting	Investors receive monthly performance reports and annual audited financial statements.
Redemptions	Quarterly, subject to a 45-day notice period
PRIMARY CONTACT	
Name and Title	Ben Dixon (Head of Distribution) / Andrew McVeigh (Managing Partner)
Email Address	Investors@remara.com.au
Telephone Number	Ben (+61 410 557 058) / Andrew (+61 416 290 882)
Website	www.remara.com

Investment Profile

BACKGROUND

The Remara Group was founded in January 2019 by its Managing Partners, Andrew McVeigh and David Verschoor. The Fund is managed by Remara Investment Management Pty. Ltd. (ACN 644 751 815, AFSL 546046).

The Remara Group currently manages over $950M in credit-related products. This FUM is divided into 3 core investment strategies. Listed by increasing risk-return profile are Credit (securitised SME lending), Real Estate (CRE transitional lending) and Tactical Opportunities (mezzanine, small preference equity and mid-market corporate direct lending). Credit is the largest investment vertical with $900M of exposure. Real Estate has $50M of AUM, and Tactical Opportunities is an establishing strategy with under $5M managed.

The Credit strategy has a diverse underlying credit asset base, further enhanced through diversification of the capital stack, allowing investors the ability to select the risk-return that fits their portfolio needs. The strategy's vertical integration results in the Manager being across 14,500 credit contracts. The bifurcation of these contracts into multiple positions within the same overall capital stack results in a deep understanding of the asset pool and the ability to leverage analysis across their platform and funds. Importantly, the strategy is also delivered by the securitisation delivery mechanism of warehouse structures, providing the highest level (in SME lending) of collateral, operational and structural support for investors.

At the retail/wholesale level, Remara now has 4 products. Listed by increasing risk-return, they are the Remara Cash Management Fund (expected to be launched April 2024), the Remara Investment Grade Fund (expected to be launched May 2024), the Remara Private Credit Income Fund (launched August 2022), and the Remara Credit Opportunities Fund (launched January 2024). The product strategy deliberately focuses on providing a comprehensive range of risk-return options to investors in the Manager's area of expertise – SME/ABS private and public securitised debt and CRE transitional lending.

The Remara Group owns controlling stakes in 4 originators, which is a critical aspect of the longer-term strategy of the Remara Group. The first, Dynamoney Ltd. ('Dynamoney'), focuses on the Australian SME lending market. By way of its 2 common shareholders, the Remara Group controls approximately 30% of the common equity in Dynamoney (which was founded by David Verschoor in 2015). Remara holds an asset management agreement with Dynamoney, which gives it oversight of all Dynamoney's funding and capital procurement requirements. In turn, Dynamoney originates SME credit exposures, which the Fund invests in.

Remara has also established the property-oriented originator, Remara Credit Pty. Ltd., to develop a platform for real estate bridging finance across construction, development, land banking and completed properties. Remara Credit Pty. Ltd. acts as the core vertical to complement SME exposure, is 100% owned by the Remara Group and was founded in 2022.

Dynamoney's SME lending exposures are diversified and reflect Remara's lending philosophy, which favours many small, higher-credit-quality risks, as opposed to large notional exposures or pools of lower-credit-quality assets. Dynamoney's SME lending verticals cover asset and equipment finance, business loans (term and overdraft), consumer credit and insurance premium finance. Across these verticals, there is a universal focus on 'prime' SME lending opportunities (businesses that have an Equifax score of 600+ and individual directors that have Equifax scores of 700 to 800).

Remara Credit Pty. Ltd. will originate small-ticket real estate loans of $5M and below. It will focus on activities such as the construction of duplexes, townhouse developments and land subdivisions in which the risk of an incomplete build or poor sales is lower, and the ability of the Manager to step in and remedy a project is substantially better than a $25M - $40M construction-style build.

Remara has recently completed an acquisition of a controlling (60%) stake into Soda Capital Pty Ltd which provides bailment or floorplan finance to a range of primary dealers across Australia. Floorplan finance is an arrangement with a dealer to purchase their floor stock for sale at an advance level no more than 90% of wholesale price. Soda provides funding primarily to leisure, agricultural, motor, yellow goods and power equipment dealers. Soda takes security through being the owner of the asset funded, with agreed curtailment requirements for aged equipment. The maximum facility size is $2.5M and secured by the owned asset pools and follow the same credit methodology of Dynamoney's credit underwrite with directors' personal guarantees and security across the dealership assets.

Both these lending verticals will be executed by way of a securitised note warehouse structure, making this real estate bridging finance offer unique for domestic retail and wholesale investors.

In order to address what otherwise would be a conflict of interest, all warehouse parameters (note coupons, eligibility criteria, etc.) are established by a third party, either the senior funder in the particular warehouse or the independent third-party warehouse specialists, Fixed Income Solution or the BGC Group.

OBJECTIVE

The Fund aims to provide stable monthly income returns from a diversified portfolio of debt securities, including asset-backed SME loans, director-guaranteed SME loans, senior and subordinated loans to non-bank lenders secured against a loan portfolio that provides regular income and capital stability, and real estate bridging finance. The Fund targets a return of 30-day BBSW + 4% p.a. net of fees.

FUNDS UNDER MANAGEMENT

As of 31 January 2024, the Fund had $10.2M in FUM. There have been no outflows in the Fund since launch (refer to Exhibit 2). The Remara Group collectively manages and advises on approximately $855M and has been recording a monthly FUM inflow run-rate of approximately $50M per month.

With the soon-to-be-launched Remara Cash Management Fund in addition to its 3 other fund vehicles and institutional warehouses, Remara is seeking to raise circa $3BN across these vehicles. Remara is seeking to increase its ownership in originating partners and procure further partners to increase its exposure to all credit products within the Australian market.

Exhibit 1: Fund FUM Timeline

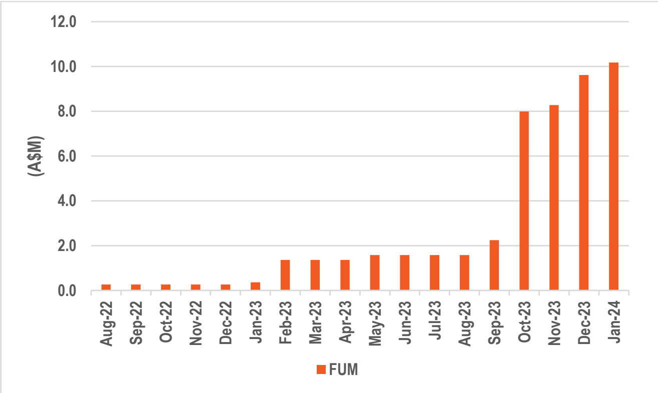
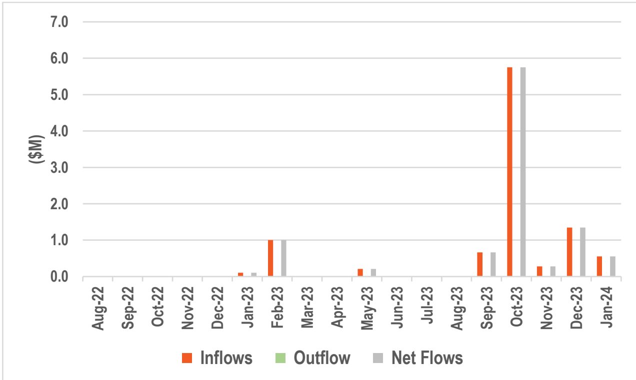


Exhibit 2: Fund Net Flows Timeline



Source: Remara Investment Management

INVESTMENT UNIVERSE

The Fund's investment universe is made up of Australian-originated SME and real-estate bridging loans, all of which are accessed by the Fund through special purpose vehicles (SPVs) that hold the underlying loans originated by Dynamoney, Soda Capital and Remara Credit. Accordingly, the Fund will invest in structured notes backed by pools of eligible assets. Any excess cash in the Fund that is not invested in the aforementioned note exposures is to be allocated to term deposits or at call cash accounts issued by an Australian bank (ANZ). The fund assets are held by Perpetual as Custodian for the Fund.

The Manager has a focus on 'prime' borrower segments, as defined by their Equifax scores of 600 or higher (both for the borrowing business and business directors).

LIQUIDITY MANAGEMENT

Liquidity management in the Fund is underpinned by the diversity of loan tenures across the different lending verticals. For example, the Insurance Premium Funding (IPF) vertical has a short 3.5-month weighted average loan expiry (WALE). The Manager has the ability to close off the IPF loan book and repatriate funds from the Fund's B- and C-note investments to service investor redemptions if required.

Of course, the need to do so would only eventuate if the level of investor outflows exceeded inflows and the cash buffer. We note that the cash buffer is intentionally kept very low, which is possible given the very short-term nature of certain loans in the portfolio. The smaller size of SME loans, versus larger 'chunkier' CRE or mid-market corporate lends, also facilitates keeping the cash position at low levels. For investors the benefit can be materially lower cash drag and higher returns.

Investment Philosophy

The philosophical underpinnings of the Fund can be broken down into 2 components: vertically integrated lending origination and warehouse structures.

VERTICALLY INTEGRATED ORIGINATION

The integrated private credit platform created by Remara, by way of its ownership in the lending originators, is to our knowledge, unique in the Australian SME lending private debt segment as well as real estate finance (as opposed to long-term residential mortgage lending). While this is only one of a number of philosophical tenets that underpin the Fund, in our view, it will have a significant bearing on the longer-term performance of the Fund.

Remara notes the following advantages of this type of structure:

- The ownership of the asset generation engine allows Remara to provide a suite of private credit assets
- Remara's philosophy is based upon many small, high-credit-quality risks, as opposed to large notional exposures or pools of low-credit-quality assets
- This diversification across size, product and underlying obligor reduces the overall risk of the portfolio
- The ownership of the asset generation engine allows Remara to respond to the market so that it is able to generate more assets as inflows expand
- The diversity in underlying products also allows Remara to respond to the liquidity needs of investors through both short-term and long-term duration loans
- Remara is looking to improve the return on private credit assets by removing unnecessary layers and allowing investors to be 'closer to the assets'

There is a very strong alignment of interest with investors embedded in this origination structure. Not only is the originator 'on the hook' by way of the first loss equity buffer in the warehouse structure (an amount that will typically gravitate to circa 7-8%, given it includes both the equity injection plus retained net interest margin) but also has direct profitability risk exposure through the originators themselves. If we contrast this with the more common SME lending warehouse financing structure in which the investment manager provides funding (via the warehouse) to third-party originators, it is the originator, not the investment manager, that provides the first loss equity investment. We expect the vertically integrated Remara model to provide a stronger alignment of interest.

At an industry level, there is also the challenge of procuring high-quality private credit. The number of strong lending originators within the Australian market is limited, and most of those lending originators are already set with bank warehouses, mezzanine relationships and funding relationships. As such, the opportunity to access a high-quality pool of assets and provide a continuous flow of debt financing is a constraint, and it is our view that constraint will grow over time.

For an investment manager in the segment, the risks of this constraint could include accessing lower quality third-party originators (i.e., high credit risk), facing financing/FUM growth constraints or providing third-party originators with more attractive warehouse pricing terms, implying a lower return to investors for a given level of credit risk. So, when Foresight states we believe Remara has established a 'future-proofed' investment model, it is the ability to minimise these potential risks that we are referring to by owing best-in-class originators.

But the 'future-proofing' notion goes further than broader market dynamics. At the coal face of credit origination, the ownership provides Remara with the highest degree of oversight of credit lending standards, the ability to dynamically manage lending criteria based on the economic outlook, as well as the ability to rapidly tactically tilt lending in relation to perceived SME sub-sector/industry segment risks.

WAREHOUSE SECURITISATION

The second critical structural aspect of the Fund is that of investing through securitised notes via warehouse structures. The obvious benefit for investors of a warehouse is the additional and final layer of collateral protection, namely the first loss equity buffer (or collateral enhancement) in each warehouse. What makes Remara unique (to our knowledge) is that, given it owns the originators, its capital is on the line. When combined with the fact that warehouse parameters are set by independent third parties, this creates an unparalleled alignment of interest with investors. Fund investors should take a very high degree of comfort in the structuring of these warehouses, given it has been undertaken by established and seasoned market participants. Furthermore, these seasoned market participants are all senior funders (senior note holders) in specific warehouses.

But why is Remara creating a warehouse-securitised note structure when it owns the originators? Well, a large part of why it is doing so is that it can 'term out' the original warehouses and take a portion of the seasoned loan books into a public market ABS note and then replenish the existing original warehouse. In doing so, it increases its access to total capital and improves the net interest margin of the originators (the public ABS notes will reflect lower pricing to noteholders, given the seasoned characteristic of the respective loan books). But from the perspective of investors in the Fund, this creates a serendipitous alignment of interest, with the investors in the Fund benefitting from the additional collateral protection of a warehouse structure.

Investment Strategy

The Fund, via securitised notes, will provide exposure to loans allocated to warehouse facilities originated by Dynamoney Ltd. Soda Capital Pty Ltd and Remara Credit Pty. Ltd. Established warehouses, to avoid a conflict of interest, are underwritten and negotiated with established market participants (two of the big 4 banks and a global investment bank). Negotiated terms include risk parameters such as loan criteria eligibility and portfolio parameters. Similarly, to avoid a conflict, note pricing is set by these third-party financiers/established market participants.

In all cases, the 3 originators will provide a first loss equity note (collateral enhancement) set at a minimum of 5% in addition to the retained net interest margin (NIM) earned by the originators. In effect, given the inclusion of NIM, which will differ from warehouse to warehouse, the CE is likely to range from circa 7% to 8% (once a warehouse approximately reaches a life equal to the WALE of the underlying loan book).

Over time, the Manager has stated that it may acquire additional loan originators that serve additional SME niche lending verticals. Should the Manager do so, we are confident that any such developments would be consistent with the philosophical underpinnings of Remara and the Fund, as outlined above. Most importantly, we are referring to best-of-breed originators focusing on 'prime' borrower segments from a credit risk perspective. We would also note that any such developments would be entirely consistent with a key strategic tenet of Remara and the Fund, namely managing a diversified lending platform to the SME borrowing segment as a strategic means to diversify risk and mitigate potential margin pressure.

At the date of this report, the Fund has invested in notes in 4 established warehouses servicing different lending sub-segments. The Fund is also likely to invest in 1 new upcoming private term out with a global bank (subject to IC approval), specifically the. The anticipated close (or the timing of investment by the Fund) for these term out is May 2024. These 5 warehouses are detailed in the diagram and 2 tables below. Collectively, this information details a range of key features, including lending sub-segment, tranche structure and associated CE and coupon rates, interest rate structure (floating or fixed) and warehouse term.

Exhibit 3: Fund Investment Structure

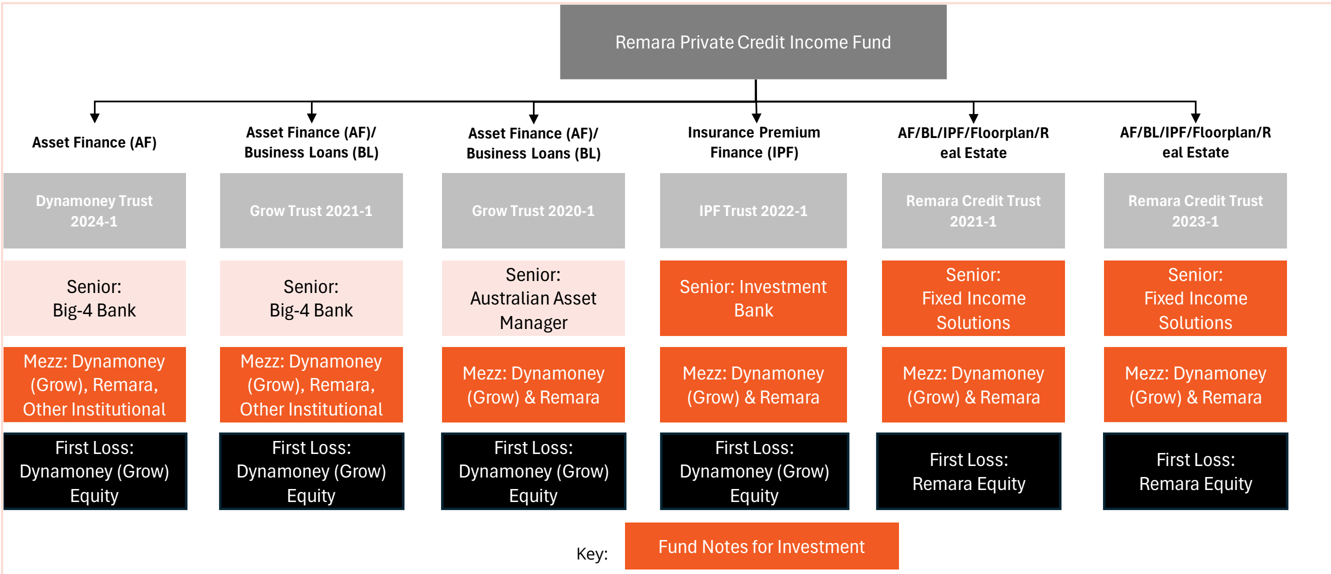


Exhibit 4: Warehouse Key Terms

Attribute	Grow Trust 2021-1	Grow IPF 2022-1	Remara Credit Trust 2021-1	Dynamoney Trust 2024-1	Remara Credit Trust 2023-1
Trust	Grow Trust 2021-1	Grow IPF 2022-1	Remara Credit Trust 2021-1	Dynamoney Trust 2024-1	Remara Credit Trust 2023-1
Trustee	AMAL Trustees	AMAL Trustees	AMAL Trustees	AMAL Trustees	AMAL Trustees
Trust Size	$500M	$120M	$35M	$286M	$50M
Products	Asset Finance	Insurance Premium Financing	AF/BL/IPF/TF/IF/RE **	AF/BL	AF/BL/IPF/TF/IF/RE/Consumer
Credit Review	Big-4 Bank/Australian Pension Fund	Global Investment Bank	Fixed-Income Solutions/BGC	Major Australian Bank	Fixed-Income Solutions/BGC
Eligibility Criteria	Big-4 Bank & Australian Pension Fund	Global Investment Bank	Fixed-Income Solutions/BGC	Major Australian Bank	Fixed-Income Solutions/BGC
CE Guarantee	Grow Finance	Grow Finance	Grow Finance	Dynamoney (Grow Finance)	Grow Finance
Term	1 year (Jan 2024) – Rolling availability	2 years (January 2025)	3 years (December 2024)	1 years (availability period)	Perpetual
Coupon	BBSW + Margin (Float)	BBSW + Margin (Float)	Margin (Fixed)	BBSW + Margin (Float)	BBSW + Margin (Float)

Note:	**Note & Holder**	**CE**	**Note & Holder**	**CE**	**Note & Holder**	**CE**	**Note & Holder**	**CE**	**Note & Holder**	**CE**
	A (Big-4 Bank)	0.00%	A (Global Investment Bank)	20%	A1 (FIS)	50%	A (Major Australian Bank)	30%	A1 (FIS)	50%
	B (Aust Pension Fund	20.50 %	B (Remara)	10%	A2 (FIS)	15%	B (Aust Pension Fund)	14.50%	A2 (FIS)	20%

	C (Aust Pension Fund/Remara)	15.70%	C (Remara)	5%	B* (FIS & Remara PC)	5%	C (Remara)	11.50%	B (FIS)	10%
	D (Aust Pension Fund/Remara)	9.60%	D (Grow) Retained Equity	N/A	C (Dynamoney & Remara Mger) Retained Equity	N/A	D (Dynamoney & Remara Mger) Retained Equity	5%	C (Remara)	5%
	E (Aust Pension Fund/Remara)	6.60%					A (Major Australian Bank)	30%	D (Soda)	N/A
	F (Aust Pension Fund/Remara)	2.00%								
	G (Dynamoney) Retained Equity	N/A								

* Remara Private Credit Fund

** AF = Asset Finance, BL = Business Loan, IPF = Insurance Premium Finance, TF = Trade Finance, IF = Invoice Finance, RE = Real Estate Finance

Exhibit 5: Warehouse Note Pricing applicable to the Fund

	Grow Trust 2021-1		Grow IPF 2022-1		Remara Credit Trust 2021-1		Dynamoney Trust 2024-1		Remara Credit Trust 2023-1	
Note:	**Note**	**BBSW+ Margin**	**Note**	**BBSW+ Margin**	**Note**	**Margin (Fixed)**	**Note**	**BBSW+ Margin**	**Holder**	**BBSW+ Margin**
	A		A		A1		A		A1	
	B		B	7.50%	A2		B		A2	
	C	4.80%	C	9.50%	B*	11.00%	C	9.29%	B	
	D	7.50%	D (Dynamoney) Retained Equity	N/A	C (Dynamoney & Remara Mger) Retained Equity	N/A	D	12.00%	C	12.00%
	E	9.00%					D (Dynamoney) Retained Equity	N/A	D	N/A
	F	12.00%								
	G (Dynamoney) Retained Equity	N/A								

WAREHOUSE MECHANICS

Warehouse financing investments are one of 3 investment vehicle types investors can gain access to the burgeoning Australian private debt sector. The other 2 are unlisted funds (non-warehouse strategies) and listed investment trusts (LITs). Below are the benefits of a warehouse investment vehicle relative to the other investment vehicles:

- Substantially greater diversification by private credit lending strategy
- Substantially enhanced collateral protections by way of the securitisation structure of a warehouse facility (which has multiple layers of collateral protection)
- Additional investor protections over and above the original third-party loan book by the warehouse investment manager both tighten lending guidelines and provide another layer of lending oversight (risk management).
- Investment via a series of bankruptcy remote trusts (the loan assets are transferred to a trust and do not reside with the third-party originator/lender, and a separate trust exists for each individual lender, i.e., no cross-collateralisation). Investors have direct recourse to the collateral backed loan exposures. An independent trustee holds the assets (collateral) on behalf of the investors and acts in the best interests of the trust (investors), not the originator. As the note holder in this trust, the investment manager has the economic benefit, but the legal title sits with the trustee (which also ensures portfolio parameters are adhered to, that incoming payments are enough to cover outgoing costs, and that the trust has enough collateral).
- Warehouse loan books are almost invariably short-duration, floating interest rate investments, thereby mitigating economic cycle risk and providing little to no interest rate risk. The short duration and revolving nature of a warehouse provides the investment manager 'ball control' over tactical tilts both by lender and by the sector exposures any given lender has, and in contrast to the static pool (and longer duration) character of RMBS and ABS.

Warehouses are structured with tranches of varying degrees of subordination – that is, protection from losses – and typically include the following:

- A senior lender that is relatively protected against credit risk
- Subordinated mezzanine investors
- The loan originator holding a specified percentage amount of equity in the facility (the equity note) such that the originator incurs the first risk of any losses. This equity contribution also serves to incentivise the origination of higher-quality loans.

Warehouse Structures

The diagram below illustrates the structure of a warehouse. Basically, the non-bank lender ('originator') will send loans into the warehouse that meet a set of agreed-upon criteria, and the investor ('noteholders') will send money into the warehouse to pay for these loans.

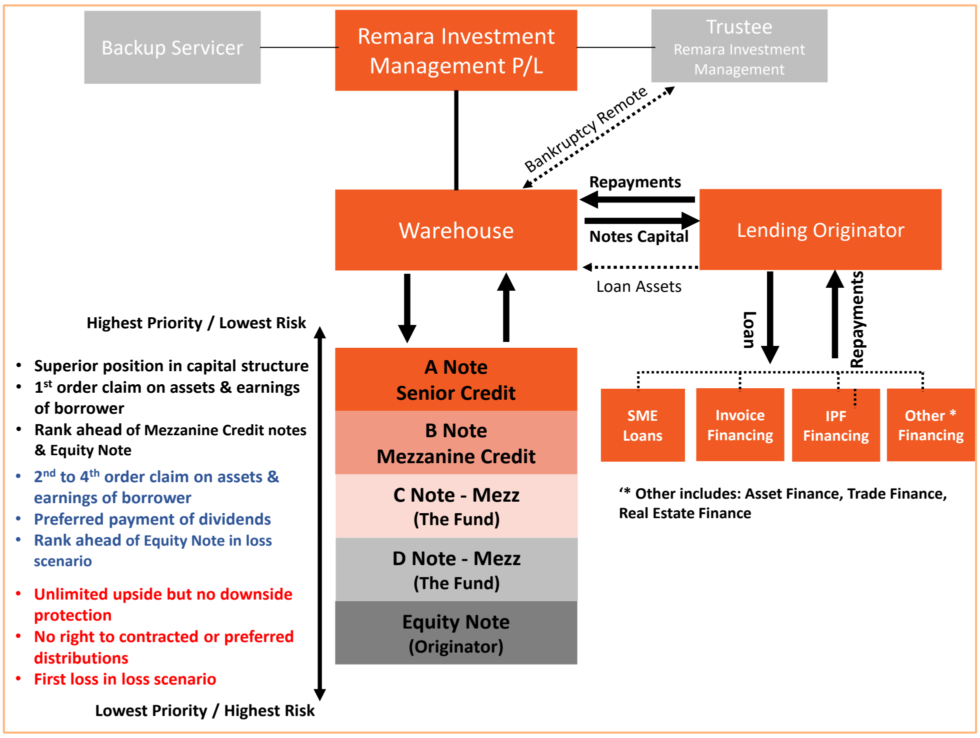
Importantly, the warehouse is bankruptcy remote, meaning that the originator is separated by the warehouse from the noteholders. The warehouse, which is a separate entity, becomes the legal owner of those loans. So, if the originator goes out of business, the loans still belong to the trust, and a backup servicer will take over to make sure the borrowers keep repaying their loans and making the necessary interest payments.

The specific details of each warehouse will be the result of commercial negotiation between the non-bank lender and the warehouse noteholders. Once an agreement is reached, an investment into the warehouse will result in a legal commitment to fund that warehouse up to an agreed amount. Key commercial parameters in any warehouse negotiation include the following:

- **Portfolio Parameters:** Key conditions for the loan portfolio that must be consistently met, including types of loans, geography of loans, industry profiles of loans, arrears performance, maximum individual loan size and average return on the loan portfolio
- **Subordination/Credit Enhancement:** Warehouses have at least one layer but typically 2 layers of notes available for investment. With 2 layers, for example, there is an A Note, a B Note (both investible) and an Equity Note. The Equity Note is the first loss provision provided by the lender. For example, a 45%, 45%, 10% capital allocation between the 3 respective notes means the Equity Note holder takes the first 10% loss, B Note investors incur losses from between 10% and 55%, and A Note investors only incur a loss should total loss-given-defaults (LGDs) across the entire loan pool exceed 55%. Clearly, notes with lower credit enhancement are riskier but pay a higher rate of return.
- **Performance Triggers:** Investors in a warehouse will make their decision based on expectations of loan book performance. Any deviation away from that performance will often be covered by performance triggers. These triggers can support the warehouse investor in several ways, including diverting cash away from the non-bank lender, stopping any funding of new lending and, in extreme circumstances, taking operational control of the loan pool.

Investors are compensated for investing in a warehouse by receiving a regular interest coupon. The yields of these coupons are generally floating-rate in nature and based on a spread over a benchmark rate like the 1-month or 3-month bank bill swap rate (BBSW). The spread is relative to the risk of the note, while the BBSW rate is a proxy for the official cash rate. The benefit of a floating-rate note is that the investment has no interest rate risk, meaning that if rates increase, so will the coupon payments.

Exhibit 6: Warehouse Structure



Collateral Protections & Risk Mitigants – Multiple Layers

In a warehouse investment vehicle, multiple collateral protections exist at the loan and warehouse levels. Combined, these offer a degree of collateral protection that is only arguably matched by RMBS and ABS (which, in effect, is precisely what a warehouse is). While loan-specific protections may vary from warehouse to warehouse, in the case of Remara, they typically include the following layers:

- **First Layer – Prudent LVRs:** LVR guidelines are applied over the collateral backing of a loan, guidelines which Remara was involved in determining during the warehouse negotiation/setup stage. This is the first line of protection if a loan defaults and it becomes necessary to sell the loan collateral to recoup investor funds.
- **Second Layer – General Security Agreements (GSAs) and Directors' Guarantees:** A GSA gives the lender the right to register their security interest on the Personal Property Securities Register (PPSR) and make a claim over the secured property in the event the borrower defaults on the loan. Directors' guarantees are personal guarantees. Should the company not have the ability to repay a loan, the directors will need to do so. This is the second line of protection and is utilised in the event a loan defaults and the sale of the collateral doesn't cover the outstanding principal and interest payments.
- **Third Layer – Credit Enhancement:** Within the warehouse facility and in which the Equity Note component has been determined by Remara to be at least 3x the historic probability of default in a market downturn of the appropriate credit risk spectrum and assuming a 100% loss-give-default (LGD). That is, exceptionally conservative assumptions. In addition to the initial equity contribution, the Equity Note will be bolstered by the retention of the net interest margin (NIM) the 2 originators earn on any given loan until a loan is repaid. Origination fees may also be retained on the same basis. The retention of NIM can materially increase the Equity Note buffer that provides first-loss protection to note investors. The degree to which it does if effectively correlated to the WALE of the loan book in the particular warehouse as the NIM is retained on any outstanding loan.
- **Bankruptcy Remote Structure:** Separation of the loan assets from the originator into a trust so that the legal title resides with the independent trustee for the benefit of the trust (investors). This creates an asset pool that is removed from the financial viability of the lending originator.
- **Backup Loan Originator:** In a worst-case scenario, appointment by the investment manager of a backup loan originator should the original loan originator grow bankrupt or engage in impermissible activities.
- **Portfolio Lending Covenants:** The Warehouse's governing documentation includes a comprehensive set of borrowing base controls, with strict portfolio concentration limits and eligibility criteria in place to maintain portfolio quality and offer meaningful protection to investors.

Collateral Enhancement Determination

As previously noted, the key structural aspects of the warehouses the Fund will invest in will be determined by an independent third party and, in the case of Remara warehouses, by experienced market participants in the sector that are typically senior funders of the relevant warehouse being reviewed. This includes the determination of an appropriate collateral enhancement level (CE). By appropriate, we mean a CE that is neither too low nor too high.

The CE level applicable to all Remara warehouses will be based on a universal 5% minimum equity injection plus the NIM earned by Remara subsidiary or associate originators on all outstanding loan balances. For example, to keep it simple, assume a $100M warehouse facility, which consists of an A Note, a B Note, and an Equity Note. The A Note represents a $50M piece, and the B Note represents the residual $45M. Remara, via the originator, lends out at a blanket 12% p.a. level to borrowers. The A Note earns 7% p.a., the B Note 9% p.a. Assume the WALE of the loan book is 12 months. Consequently, over 12 months the interest earned is $12M. Of this, $3.5M is paid to the A-Note holder and $4.05M to the B-Note holder. The NIM earned by Remara is $4.45M, or 4.45% (which is generally what Grow actually earns in NIM). This amount is accumulated to the CE over the first 12 months, such that the CE increases to $9.45M, or 9.45% of the loan book and will approximately remain at this percentage level thereafter.

In determining the CE, the intention is that even in an extreme fat tail event, the 5% initial equity injection component of the 2 elements of the overall CE is never breached. In other words, any potential draw on the overall CE would come from the accumulated NIM component. The senior funders that set the CE undertake credit modelling based on the underlying risk profile of the borrowers. As a rule of thumb, the NIM component of the CE is typically set at around 3 times the expected capital loss rate during a market downturn. Historically, Remara has recorded a 35 basis point loss on capital across all of its lending verticals/warehouses. The Manager is assuming this increases to 65 basis points in a market downturn. 3 multiplied by 0.65% equals 1.95%, which compares very favourably to the 4.45% NIM added to the 5% component in the example above.

Bear in mind that the CE represents the final layer of collateral protection on a lend. It is only drawn upon if in liquidating the collateral on a defaulting loan the loan balance outstanding is not, firstly, less than the LVR and, secondly, less other pledged assets such as a directors' residential property.

Note Pricing

Tranche note pricing is set based on credit spreads in the publicly-listed debt markets, both primary issuance and secondary. It remains fixed for the term of the warehouse and is reviewed and reset at the end of the term, along with the other pool parameters/criteria.

Importantly, all aspects of these reviews, including the determination of pricing, are conducted by independent third parties, which conduct portfolio parameter testing. Given the loan originators are owned by the Remara Group, this process avoids any conflicts of interest that may arise.

Interest Rate Mismatch Risk

While loans are issued to borrowers based on fixed interest rates, the coupons paid to warehouse noteholders are largely floating rate in nature, exposing Remara to an interest rate mismatch. To mitigate the risk, the trustee has entered into an interest rate swap with the senior funder of each particular warehouse. Under the interest rate swap agreement, the trustee will make a payment to the swap provider at a fixed rate of interest and receive from the swap counterparty an amount equal to the 30-day BBSW. The notional balance of the swap will follow a schedule based on the amortisation of the portfolio, assuming no prepayments. The swap will be extended, and the fixed rate will be adjusted on a monthly basis to hedge new receivables added to the trust during the revolving period.

Interest rate swap costs are incurred by the originator rather than being deducted from income paid to investors in the Fund. The hedges are in the name of the trustee for the funding vehicle, so AMAL Trustees own those hedges on behalf of warehouse noteholders. Remara has derivative and hedging strategies, reviewed and approved by Westpac and IFM, which represent a mandated requirement as per the legal documents for a warehouse.

Warehouse Term Outs

When a warehouse 'terms out', the more seasoned pool of loans in the warehouse will be transferred to a securitised ABS note that will ultimately trade on publicly listed or private placement markets. In the original warehouse, the transferred loans will be replaced by new loans to refresh the cycle. This process leads to a de-risking of the pool of loans and consequentially lower note pricing on the new warehouse.

It's important to note that while it is possible the Fund could invest in the public ABS securitised note and out of the original warehouse, it is highly unlikely the Manager would do so. Primarily because the returns are lower and the warehouse has stricter amortisation schedules.

Backup Servicer Arrangements

Remara has entered into a standby servicing agreement with the warehouse trustee AMAL Trustees Ltd. A backup servicer steps in to amortise a loan book should the originator cease operating, and this is a standard arrangement for all warehouse structures. The backup servicing plan is reviewed on an annual basis through an annual operational review with Grow and Remara.

ORIGINATOR STRATEGY

The originator strategy is focused on future-proofing returns for investors in the Fund. There are only a limited number of high-quality SME lending originators in the country. By owning the originators, Remara controls the credit risk quality, controls risk at a total portfolio level, and provides a superior window into credit risk dynamics by borrower type, economic sector, etc., which facilitates tactical tilts.

The lending sub-segments pursued by both originators are detailed below.

LENDING SUB-SEGMENTS

Insurance Premium Finance

Dynamoney provides Insurance Premium Funding ('IPF') facilities that are designed to assist SME businesses in managing their insurance portfolio through a 'pay by the month' product offering. IPF is a complementary product offering for current and prospective clients. Every Dynamoney client is required to have adequate insurance prior to receiving a finance facility with Dynamoney. Once Dynamoney has approved a finance facility for an SME client, the provision of an IPF facility enables the client to improve their cash flow management and ensures Dynamoney retains its desired credit profile and support. IPF can improve the client's cash flow management without affecting established borrowing facilities by freeing up working capital. Dynamoney's IPF facilities currently provide SMEs with funds between \$1,000 to \$5M. Grow has several competitive advantages within the Insurance Premium Finance sector: traditional credit underwriting and servicing experience through proven procedures; organic client base cross-selling with an embedded need for the product; the known risk of funding Dynamoney clients; and established networks of brokers and major aggregator groups.

Business Loans

Adjacent to the Asset and Equipment Finance segment, Dynamoney provides business loan products, including an overdraft and a term loan product. Security is applicable on loans over \$100,000, caveat on loans over \$150,000 and ALLPAPS on loans over \$250,000. The overdraft facility is interest-only and is reviewed quarterly. If the account is not renewed, principal and interest apply over the remaining 24-month term. Facility will amortise over a 24-month term at the end of the 36-month facility period. Property owners with high LTV (>80%) or LMI, less than 50% ownership, property in a rural location, or where a caveat/second mortgage is already lodged, will be assessed as non-property owners. Excluding large enterprises ($5M+ revenue) for non-property owners, Dynamoney's total group exposure (excluding IPF) is a maximum of $500,000. Broker commissions have a clawback with 100% on defaults for up to 6 months and 50% for up to 1 year.

Asset Finance

Dynamoney offers 3 loan types to clients, offered across a range of underlying assets, including vehicles and equipment. Each product is differentiated by its underlying loan amount and credit profile, but there are 2 main contract types: rental contracts and secured loan agreements.

Dynamoney only provides credit to prime, near-prime and low-doc SME borrowers and does not participate in sub-prime or unsecured loans. It primarily aims to provide small-to-medium-sized loans to established, proven and credit-worthy SMEs who require finance for income-generating and business-critical assets or key operating infrastructure. Financed equipment generally has a known secondary or in-situ value. Dynamoney intentionally avoids low-yielding/low-risk large loans to large corporates, focusing instead on the large market under-serviced by the major banks.

Corporate Loans

Corporate Loans provide further flexibility to medium-sized business owners who hold property. Corporate Loan secured on property with max. 80% LVR first/second ranking Residential or Commercial mortgage and/or max. 60% of Plant and Equipment, and/or max. 60% receivables, and/or 25% Eligible Inventory (capped at $250K). The corporate loan facility targets clients with high credit scores and low-risk securities. The benefits to both parties are less transactional overlook on invoice validating, multiple application processing, and other administration tasks

Trade Finance

Trade Finance is a line of credit that facilitates businesses' ability to order inventory from overseas or domestic suppliers and sell those goods to Australian clients**.** Unlike a traditional business loan or overdraft, trade finance is transactional and gives the lender oversight on the use of the funds, the participants and the source of the repayments.

Invoice Finance

Aninvoice financing facility provides clients with funds for growth and cash flow management. The lender purchases accounts receivable invoices from the client and issues the client a line of credit. It then recovers its capital from the receivables directly, which are generally payable to the lender within 90 days. The maximum funding available to a client is 85% of $2.5M of their unpaid invoices.

There are 2 key invoice finance product types on offer: discounting facilities and factoring facilities. Discounting facilities have lower margins and are less service-intensive, while factoring facilities have higher margins and are more service-intensive. Factoring facilities represent a majority of the core invoice finance book.

Real Estate Finance

Remara Credit Pty. Ltd. provides real estate finance across construction, development, land banking and completed properties as the core vertical to complement SME exposure. The target loan size is up to circa $3M, and the target market is inner-cities, such as Sydney, Melbourne and Brisbane. This type of real estate financing has a relatively low-risk profile and high liquidity. In the case of construction loans, it's much easier to appoint a replacement developer, if needed, than on large multi-level developments.

Floorplan Finance (Bailment)

Soda Capital Pty Ltd provides Floorplan Finance a type of financing arrangement specifically designed for businesses in industries such as automotive, RV (recreational vehicle), marine, and equipment dealerships. Floorplan finance is used to provide dealerships with the necessary capital to maintain their inventory levels. Rather than tying up their own capital in purchasing inventory upfront, dealerships can obtain financing from specialized lenders known as floorplan lenders. These lenders provide loans or lines of credit secured by the inventory itself. The inventory serves as collateral, mitigating the risk for the lender.

Exhibit 7: Fund Profile

Feature	Asset & Equipment Finance	Business Loans	Trade Finance	Invoice Finance	Insurance Premium Financing	Real Estate Finance	Floorplan Finance
Summary	Finance provided for specific assets under rental agreements, operating leases and chattel mortgages	Finance provided for business purposes	Line of credit to purchase inventory	Line of credit to pay up to 80% of unpaid invoices	Replace upfront lump sum payments with smaller monthly instalments	Land acquisition finance, construction finance and residual stock finance	Dealership inventory finance
Portfolio	$364M	$28M	$43M	$28M	$15M	$15M	$22.5m
Number of Loans/Facilities	8,248 loans	471 loans	67 facilities	56 facilities	136 loans	27 loans	20 Loans
Average Loan	$43K	$59K	$341K	$208K	$111K	$542K	$1.1m
WALE	58 months	34 months	Nil months	Nil months	10 months	13 months	Nil months
Yield (p.a.)	11.1%	16.2%	17.1%	10.4%	6.2%	13.3%	13.5%
Historical Losses	0.7% (net) on $724M financed	Nil on $45.5M financed	0.20% on $125.1M financed	0.11% (net) on $805M financed	0.11% on $54.4M financed	Nil on $16.5M financed	Nil on $35m financed

Source: Remara Investment Management

Exhibit 8: Credit Matrix (Summarised) and Collateral Pools by Vertical

Feature	Asset & Equipment Finance	Business Loans	Trade Finance	Invoice Finance	Insurance Premium Financing	Real Estate Finance	Floorplan Finance
Min Company Score	475	500	500	500	450	450	450
Min Director Score	500	500	500	500	500	500	500
Director Guarantees	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Debt Service Coverage	1.25x	1.25x	1.25x	N/a	N/a	N/a	N/a
Asset Coverage	GSA/ALLPAAP/PMSI for all assets	GSA/ALLPAAP/PMSI for loans >$250K	GSA/ALLPAAP/PMSI over stocks	PPSR	PPSR	Mortgage/caveat/ ALLPAP	Mortgage/caveat/
Insurance Wrap	No	No	Insurance or property LVR<=80%	N/a	Max cash exposure >100K	N/a	ALLPAP
Max LVR – Secured	125% *	100% *	90% of cost	85%	105%	80%	N/a
Max Size	$1M	$500K	$3M	$1M	$1M	$3.5M	90% (Wholesale Price)
Term Max	84 Mths	36 Mths	180 Days / Import term	90 days	12 Mths	18/24 Mths	$2.5m

Source: Remara Investment Management

* Higher LVRs apply to amortising loans, such that LVR declines over the loan term.

Security Agreements

Security agreements provide collateral protection to the lender (and the fund investor) over and above that which may apply to the specific asset being financed. In Australia, there are 3 key security guarantees:

1) General security agreement (GSA), alternatively referred to as a security interest over all present
2) Purchase Money Security Interest (PMSI),
3) Director's guarantee.

In short, no loan should be issued to an SME without either a GSA or PMSI and, ideally, a director's guarantee.

GSAs

Since the advent of the Personal Property Securities Act 2009 (PPSA), nearly all property that is not land, including chattel, vehicles, plant and equipment and intellectual property rights, can only be mortgaged via a security interest under the PPSA. A GSA covers all of the borrower's present and future assets and can be registered on the Personal Property Securities Register. The register is a national public noticeboard of security interests over assets (besides property) that legally assigns the priority of these interests under a 'first in, best dressed' principle.

PMSI

A PMSI is utilised for a borrower that is encumbered by a pre-existing GSA, meaning the lender cannot issue a GSA. A PMSI is a security interest in the specific asset being financed and has super-priority over all other forms of securities, including GSAs.

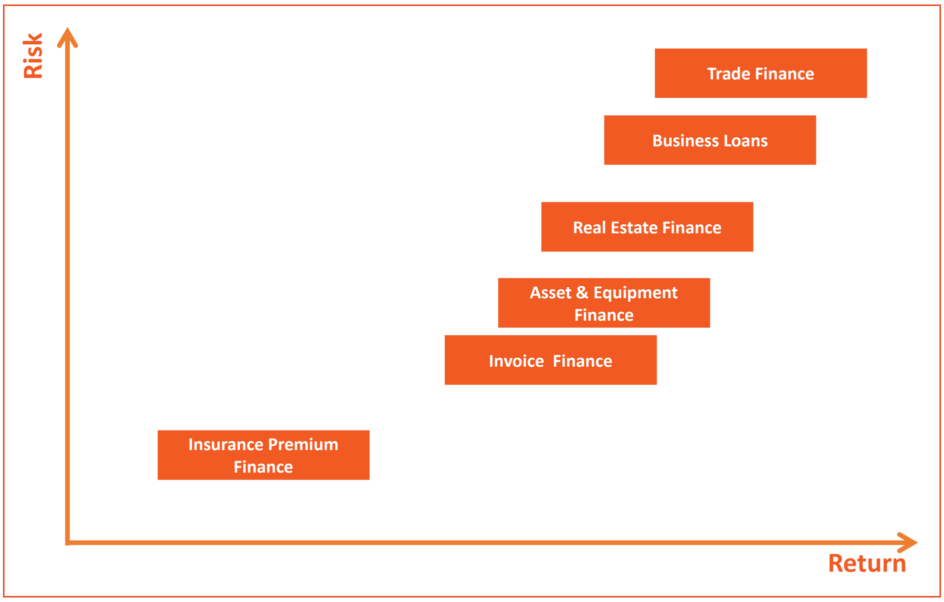
Director's Guarantee

A personal or director's guarantee outlines the conditions under which a guarantor – usually the business owner or director – becomes responsible for the business's debt obligations. In the case of default, if the various collateral protections don't cover the outstanding principal, then the lender can move to liquidate the director's personal assets. Commonly, a 'personal asset' will include a house that may be subject to a mortgage. The mortgage lender will have the first claim on the proceeds in the event the property is sold, and the SME will be able to claim the residual funds.

Guarantors are not released from their obligations unless the loan has been repaid or there is consent from both parties to do so.

The risk spectrum can be visualised in the following graphic:

Exhibit 9: SME Lending Risk-Return Profile



Investment Process

Dynamoney, Soda Capital and Remara Credit focus heavily on cash flow analysis when assessing loans.

Equifax scores, at both the business level and the director level, represent a 'gating' analysis. There is a focus on businesses that have 600+ Equifax scores with individual directors that have 700 – 800+ Equifax scores (all classified as 'Prime').

Following this, prospective borrowers are assessed on a cash flow basis. The Manager reviews bank statement data over a 12-month rolling period to assess cash management and ensure the business does not have a significant concentration of individual revenue sources. The originators are seeking to determine whether any 'negative screens' are present. Negative screens may include late or missed repayments on other loan commitments or an erratic personal expenditure profile. This analysis is conducted both at the business and director levels, with Remara having a general view that financial issues at the personal level often flow through to the business level.

Based on their years of experience, Remara has created cashflow templates for certain industries, allowing them to assess the disclosed costs in a potential loan agreement against the industry standard.

Note: The Equifax Scoring Methodology

Equifax is a broadly used scoring methodology to assess consumer and SME credit risk. The score is based on a number of characteristics held on the Equifax credit reporting databases, including applicant information, the number and types of enquiries, as well as adverse information (defaults, default judgments and insolvency information).

For consistency, all of the Equifax credit reporting products built since 2011 incorporate the 'Masterscale'. The scale ranges from -200 to 1200. A score of 200 represents odds of 1:1, which means the applicant has a 50% chance of having an adverse outcome (defaults, default judgments and insolvency) on their Equifax credit report in the next 12 months. The probability of an 'adverse' report over a 12-month period by scoring band is summarised below.

Exhibit 10: Equifax Scoring Methodology

Score	Mean Probability of Failure*	Probability Of Adverse Report**	Equivalent S&P	CreditorWatch
-200	74.3%	93.7%		E
-99 to 0	53.8%	80.0%	C	E
1 to 100	39.8%	66.7%		
101 to 200	28.2%	50.0%		D3
201 to 300	17.4%	33.3%		D2
301 to 400	8.7%	20.0%	CCC	D1
401 to 500	4.6%	11.1%	B-	C3
501 to 600	2.4%	5.9%	B-	C2
601 to 700	1.2%	3.0%	B	C1
701 to 800	0.6%	1.5%	B+	B3
801 to 900	0.3%	0.8%	BB	B2
901 to 1000	0.2%	0.4%	BB+	B1
1001 to 1100	0.1%	0.2%	BBB-	A3

*Failure is defined as the borrower entering external administration or liquidation in the next 12 months.

**Adverse Report is a default or a default judgment in the next 12 months.

ORIGINATION

Origination channels vary according to the lending vertical. For business loans and asset finance, approximately 90% of prospective loans are generated by a panel of external brokers. These brokers furnish Dynamoney with lending prospects that are consistent with Dynamoney's credit metrics, credit profile and the assets Dynamoney typically finances.

With insurance premium funding finance, lending prospects are introduced by insurance brokers. These relationships are critical to IPF lending as the insurance broker has power of attorney over the insurance policy with Dynamoney and the ability to cancel it.

Trade and invoice finance, which is more of the structured receivable cash flow credit, is typically originated by way of introductions through accountants and advisors. There is an element that comes through the broker community, but finance brokers are generally not well-versed in these more structured credits.

Real estate financing is originated in very much the conventional way for the industry, specifically a mix of broker referrals and direct relationships with pre-existing borrowers (often developers).

Floorplan finance are direct leads via inbound enquiry from dealerships.

DEAL STRUCTURING

All originators prioritise capital preservation, which is evident in their focus on prime borrowers. In each lending vertical, there are detailed specifications for industry risk, geographic risk, probability of default, level of security at the borrower level and level of credit enhancement at the borrower level. The investments, in decreasing order of priority, are capital preservation, level of income and longevity of investments.

Over and above parameters at the lending level, warehouse structuring is done in conjunction with external senior funders, legal counsel and the custodians of the Fund.

ONGOING PORTFOLIO MANAGEMENT

Remara reviews and analyses their exposure on a monthly basis, including full transparency of the loans, their maturities, delinquencies, and processes to manage defaults within the portfolio.

Investment Team

The investment process of the Fund is led by a team of 4, who have frequent interaction with the Investment Committee. The Investment Team is supported by internal credit resources and external legal expertise.

Exhibit 11: Key Team Member Summary

Name	Title	Investment Committee/Team
Andrew McVeigh	Managing Partner	Andrew sits on the Investment Committee and is primarily responsible for capital-raising initiatives.
David Verschoor	Managing Partner	David sits on the Investment Committee and is primarily responsible for credit origination and oversight.
John Debevec	Advisory Partner	Remara Investment Management
James Drew	Senior Investment & Advisory Analyst	Remara Investment Management
Vlad Giladov	Head of Credit	Dynamoney – Credit Underwriting
Scott Morgan	Head of Real Estate Credit	Remara Credit
Jingru Huang	Investment Analyst	Remara Credit– Real Estate Credit Underwriting
Ben Dixon	Head of Distribution	Remara Investment Management
Mark Hickey	Independent Committee Member	Investment Committee

ANDREW MCVEIGH

Andrew founded Remara, a Sydney-based investment firm focusing on real estate, private credit and tactical investment. Before he started Remara, Andrew held multiple positions within Brookfield Asset Management across the Australian and Asian Platforms. Andrew most recently held the position of CFO Asia-Pacific covering Financial Leadership of the Brookfield Property & Private Equity Group across Asia-Pacific and Brookfield's Corporate Operations for Asia-Pacific. This followed previous roles covering Group Finance, External Investments, Infrastructure and Commercial Properties. Before joining Brookfield, Andrew gained experience in Audit, Corporate Taxation, Corporate Finance and Business Services within Industry. Andrew holds a Bachelor of Business in Accounting and a Masters in Finance. He has served on the CFO Round-table and the National Accounting Round-table for the Property.

DAVID VERSCHOOR

David is a Managing Partner of Remara, focusing on debt capital markets, private credit and private equity relating to financial services. David founded Grow Finance Ltd. in December 2016. Grow is an Australian non-bank lender focusing on small to medium enterprises. David's background includes over 25 years of investment banking and finance experience. David started his finance career as a credit analyst at Westpac. He became responsible for raising capital and trading corporate debt in 2001 at BNP Paribas in Tokyo and Hong Kong in 2004. After moving back to Australia in 2009, David was instrumental in raising capital for Australia's largest non-bank financial institutions, which included mortgage-backed debt as well as consumer and auto finance.

VLAD GILADOV

Vlad heads up Grow Finance, with key responsibilities being credit management, underwriting and portfolio management, and risk management. 20+ years in banking and finance. Previous experience: Head of Credit – Get Capital; Senior Manager Credit – Maia; Head of Credit – Eclipx Commercial.

JOHN DEBEVEC

John Debevec is an Advisory Partner at Remara. He is a seasoned professional in capital markets and stands out with over 25 years of experience in securitisation and treasury management. With a career spanning several prestigious institutions, including Merrill Lynch, RBS, Westpac and Moody's, John possesses a deep understanding of financial structuring, stakeholder management and innovative financial modelling. His expertise is augmented by formal qualifications in finance and law, making him a unique asset in financial services.

JAMES DREW

James Drew is the Senior Investment & Advisory Analyst. James joined Remara with 3+ years of experience within Financial Advisory, working across Turnaround & Restructuring and M&A at Deloitte Australia. James has a Bachelor of Commerce in Accounting and Commercial Law from the University of Sydney and is a qualified Chartered Accountant.

SCOTT MORGAN

Scott is an investment professional with 30 years' experience across property, finance and investment prior to joing Remara Scott held the role of Senior Portfolio Manager at Trilogy Funds. Highly skilled in strategy, deal origination and structuring, execution, management and investor relations with extensive knowledge and expertise across real estate debt and equity investment and skilled in – strategy, deal origination and the investment process.

JINGRU HUANG

Jingru heads up Remara Credit Pty. Ltd, with key responsibilities being originator engagement, deal underwriting and portfolio management. He has 3+ years of experience in commercial investment analysis, working as a Commercial & Operations Analyst at Xpansiv CBL Market and an Investment Analyst at Arch Capital Management.

BEN DIXON

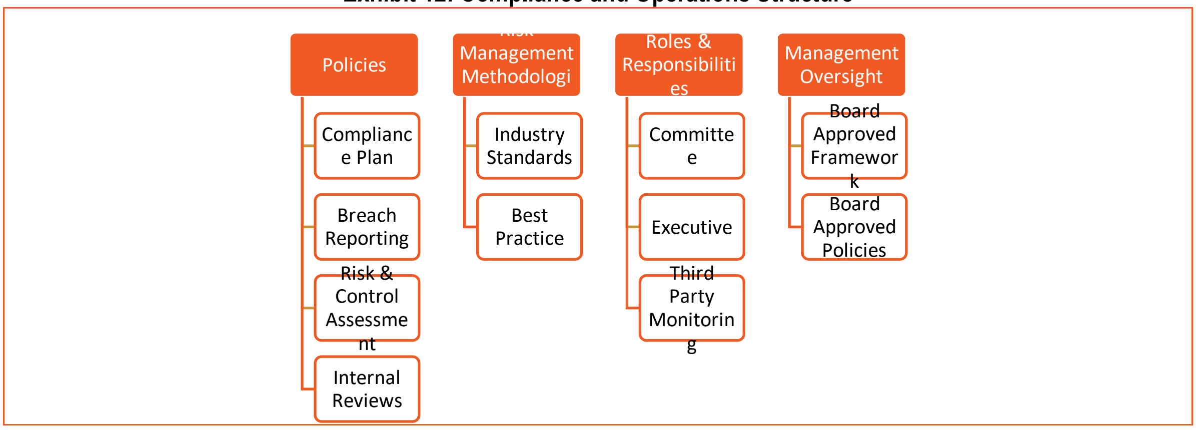
Ben Dixon is the Head of Distribution. He was formerly Head of Distribution with boutique firms Innova Asset Management and Koa Capital, and he brings deep experience to the position, having led the roll-out of a series of investment offerings to both new and existing clients at both firms.

MARK HICKEY

Mark is an independent Investment Committee member with 30+ years of legal (banking/finance/public markets) experience. His previous roles were Chairman, DWF Law (Australian Practice) and Chairman/CEO, Sparke Helmore. His IC responsibilities encompass conflict of interest management, deal structure and diligence and legal advice.

Compliance and Operations

Exhibit 12: Compliance and Operations Structure



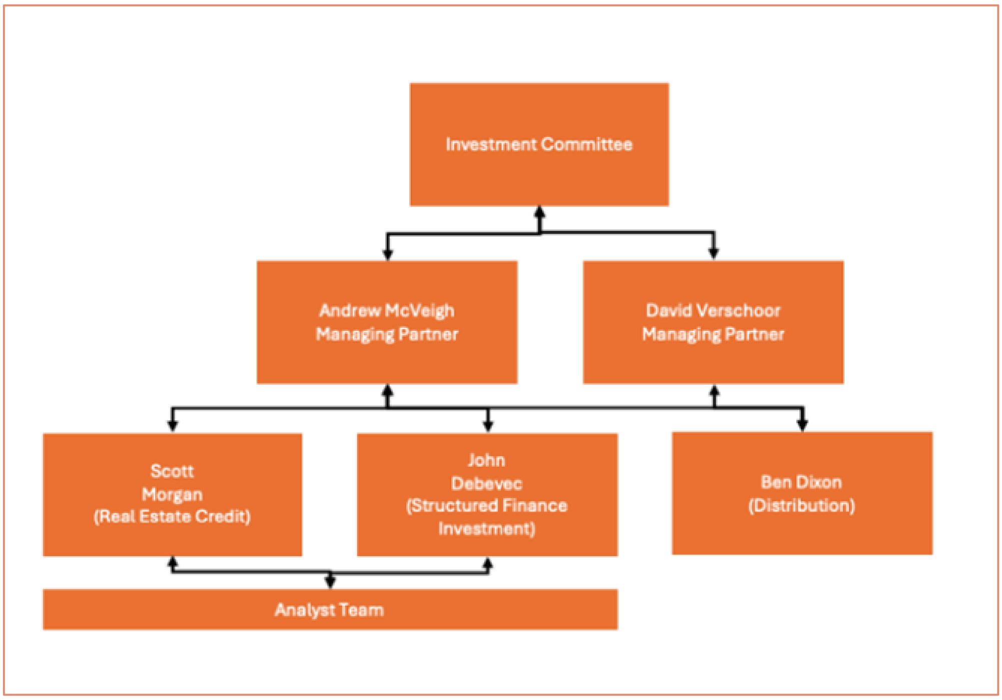
Governance is multi-layered, enhanced with the services of an external consultant. Remara's compliance addresses the conditions of its AFS license, AML/CTF obligations, ASIC policies and the Corporations Act.

Reporting is provided monthly to the Responsible Entity and as new investments are approved by the Investment Committee. Quarterly requirements are also provided to the RE by the Fund's management and operations teams. Operationally, risk management and compliance are governed in the following way:

In addition to the corporate compliance regime, Remara's operations are governed by the Compliance Plan of the Funds and subject to semi-annual audits undertaken by the Responsible Entity, Melbourne Securities Corporation Ltd., and the compliance plan auditors, Moore Australia.

Management Structure

Exhibit 13: Management Structure



Risk Management

The Responsible Entity of the Fund is responsible for monitoring the terms of the Investment Memorandum and ensuring that all trades are appropriately recorded and accounted for.

The compliance of the Fund with its Constitution and Investment Mandate is overseen by the Responsible Entity, Melbourne Securities Corporation Ltd.

Unit pricing is delegated to the Fund Administrator, following the valuation guidelines contained in the Fund Trust Deed. Note that the Fund is a registered managed investment scheme under the Corporations Act 2001, and the Trust Deed is lodged with ASIC.

Performance (as at January 2024)

The Fund was launched in August 2022. All performance data is net of fees and expenses. We note the following:

- The Fund has markedly outperformed the target return. Its annual return over the 12 months to January 2024 was 13.0% versus a current target of 8.35%. In January 2024, the Fund was on an impressive annualised run-rate of 13.7% p.a.
- Arrears, gross and net losses are only relevant to the extent they impact investor returns. Of course, the securitised structure of a warehouse is designed to protect noteholders from any possible losses. Nevertheless, arrears and losses data indicates the strength of a manager's lending practices.

Exhibit 14: Performance Summary

	Fund (Net)	RBA Cash Rate	Excess Gain
1 month	1.1%	0.4%	0.8%
3 months	3.4%	1.1%	2.3%
6 months	6.9%	2.1%	4.8%
1 year	13.0%	4.1%	9.0%
Since Inception	12.2%	3.6%	8.6%

Source: Remara Investment Management

PORTFOLIO CHARACTERISTICS

The characteristics of the portfolio, as at January 2024, are diagrammatically presented below. We've highlighted the key points here:

- Looking at the total Remara credit platform, arrears were a particularly low 33 bps. Of this,17 bps sat in the 0-30 days bucket and are therefore expected to be cured.
- At a Fund level, arrears have historically averaged 1.33% and tracked materially lower over the 12 months to January 2024, at 0.32%.
- Gross and net losses, with the latter factoring in recoveries on defaulted loans, were 1.45% and 0.43% respectively, as of January 2023. We note that the NIM component added to the CE levels is materially higher than 3x (the multiplier applied to determining the NIM to an assumed net loss rate).
- There is a diversity in the WALE profile of the total portfolio, which we would expect to increase over time as the additional 2 warehouses are added. As previously noted, this diversity and the short-dated loans assist in liquidity management.
- Based on the directors' credit scores (Equifax), the majority of the portfolio is above 600, and the largest proportion is in the 700 and 800 score categories. This is very strong.
- Trucks and Trailers had the highest exposure at 31% of the underlying pool and has excellent recovery value and a liquid secondary market for recoveries. Other major exposures are CRE lends (property), insurance premium finance and business loans.
- Less than 2% of the portfolio was written as a policy exception. This is very strong, and usually the exception is time is business standards as the Manager allow continuity of operations of past experience if a new borrower entity is used.
- By industry exposure and the total number of obligors, the portfolio is highly diversified. The Top 10 obligors comprise 16.2% of the portfolio, reflecting the strategy of using higher quality, smaller loans as an LGD mitigant.

Exhibit 15: Pool Summary

Pool Summary	
Total Pool Balance ($)	49,050,523
Average Contract Duration (mths)	47
Number of Contracts	6,195
Average Position Value ($)	54,344

Exhibit 16: Fund Note Balance

Pool Summary		
Grow ABS Trust 2023-1	$572,916	5.3%
Grow Equipment Trust 2020-1	$2,600,000	24.2%
IPF Trust 2022-1	$2,188,386	20.4%
The Remara Credit Trust 2021-1	$1,286,622	12.0%
The Remara Credit Trust 2023-1	$4,091,875	38.1%

Source: Remara Investment Management

Exhibit 17: Portfolio by Sub-Segment (Collateral)

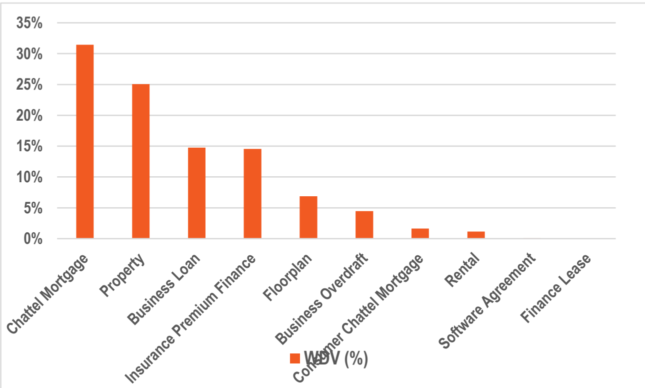


Exhibit 18: Portfolio by Director Equifax Score

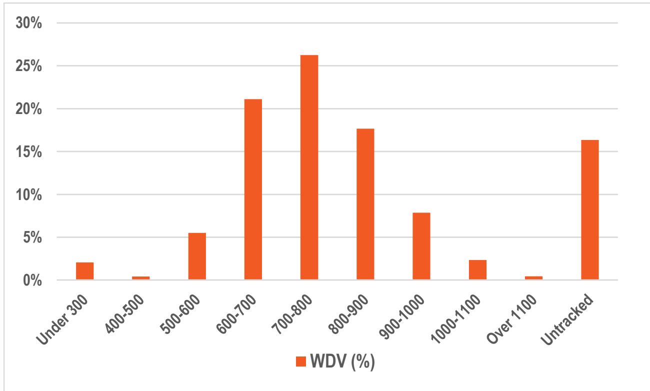


Exhibit 19: Portfolio by Loan Size

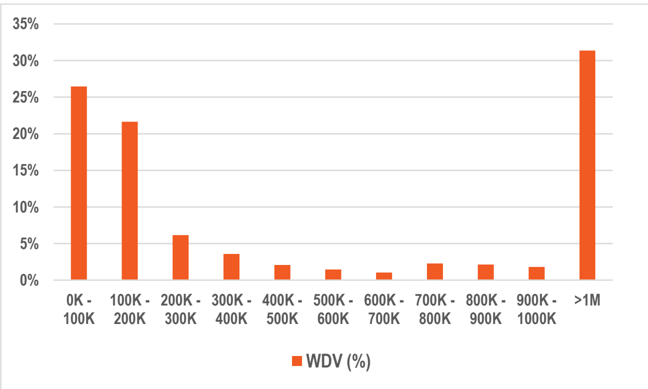
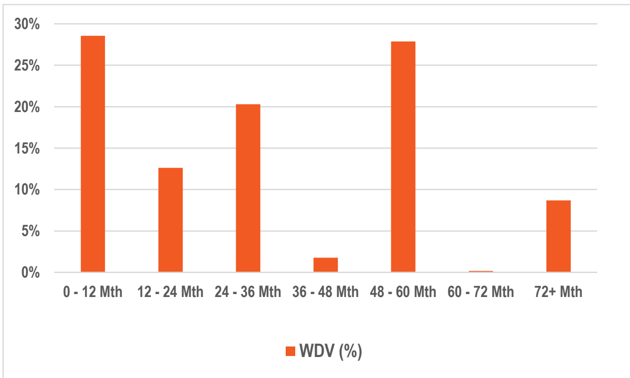


Exhibit 20: Portfolio by Loan Expiry



Source: Remara Investment Management

Transparency & Reporting

The Manager has provided Foresight Analytics and Ratings with the required information in a transparent fashion. Investors receive monthly performance reports and annual audited financial statements.

Third-Party and Service Advisors

Fund Administrator	Remara Investment Management Pty. Ltd.
AFSL Licensee	Remara Investment Management Pty. Ltd. (ABN 98 609 737 604) AFSL # 546046
Responsible Entity	Melbourne Securities Corporation Ltd. (ACN 160 326 545) AFSL # 428289
Custodians	Perpetual Corporate Trustees Ltd.
Accounting, Fee and Distribution Calculation	AMAL Trustees Pty Ltd
Taxation Advisor	EY
Auditor	EY
Legal	Baker McKenzie
Compliance Plan Auditor	Moore Australia
Insurance Provider	Accredited Insurance (Europe) Ltd.
IT network Provider	Internal

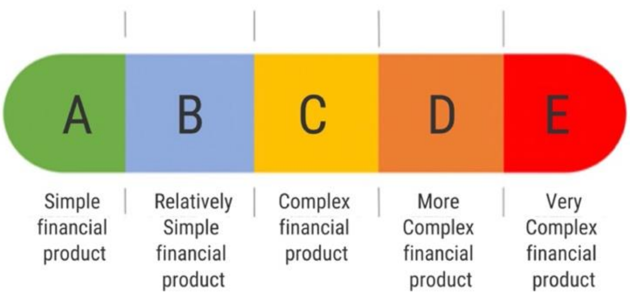
Investment Rating Scale

The Foresight Analytics' investment rating is an opinion on how well we believe a fund will perform against a range of risks.

Rating	Definition
Superior	Indicates the highest level of confidence that the fund can deliver a risk-adjusted return in line with the investment objectives of the fund.
Very Strong	Indicates a very strong conviction that the fund can deliver a risk-adjusted return line with the investment objective of the fund.
Strong	Indicates a strong conviction that the fund can deliver a risk-adjusted return in line with the investment objective of the fund.
Competent	Indicates that the fund may deliver a return in line with the fund's relevant benchmark.
Weak	Indicates a view that the fund is unlikely to deliver a return in line with the investment objective of the fund and or meet the return of its benchmark.

Foresight Complexity Indicator

Foresight's Complexity Indicator highlights the complexity of an investment by its terms and conditions' structure and transparency that may affect the investor's return.



Investment Rating and Foresight Complexity Methodology

Foresight Analytics and Ratings' methodology for its investment rating and research can be downloaded from its website.

Contact Details

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Financial Services Guide

A copy of the Foresight Analytics' Financial Services Guide can be provided by calling 02 8883 1369.