

MONARK

Realising the remarkable

Monark High Yield Debt Fund – Series 1 Quarterly Investor Update

31 December 2023

QUARTERLY INVESTOR UPDATE

Please Note

Information contained in this investor update

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QUARTERLY INVESTOR UPDATE

Dear Investor

Welcome to the eighth quarterly update for the Monark High Yield Debt Fund (the Fund, Series 1).

Executive summary

The Fund's portfolio is now fully established and continues to perform strongly, providing investors with an Internal Rate of Return of 14.4% per annum.

During the quarter investors received a distribution of 3.26c per unit. We expect two facilities to repay during the first quarter of 2024, allowing us to make distributions totalling approximately 15 cents per unit.

As a reminder, the Fund is “self-liquidating” which means it does not reinvest repaid facilities but distributes the proceeds to investors.

In order to assist you tracking your investment in Series 1, we have inserted a new slide into this update. The “Detailed Investor Cashflows” page records each amount you invested in the Fund and each distribution made to date.

We continue to remain cautious in what we believe will prove to be an extended period of uncertainty and market fragility. In this environment we believe that the appeal of secured private debt – and, by extension, the attractiveness of the opportunities offered by Monark – is particularly compelling and we expand on our thinking in the Investment Environment section of this note.

We hope you enjoy reading this report and continue to remain engaged with the progress of your investment in the Fund.

QUARTERLY INVESTOR UPDATE

Investment environment

One single, overwhelming narrative now dominates financial markets: inflation has been tamed and interest rates are destined to be cut, both imminently and materially.

Many years ago, in 1964 to be precise, John F Kennedy opined, “if everyone is thinking alike, then no one is thinking at all”.

We cannot recall a time when commentators, investors, journalists, advisors, money managers – and almost all other financial market participants - focussed so obsessively, so exclusively, and so completely on one metric: the inflation rate.

And we cannot help but feel some discomfort at the degree of certainty embracing this narrative.

Simply, we believe there are too many bets placed on an outcome that is still evolving and which may fail to materialise, and that the euphoria generated by the imminent-cut narrative may lead to both volatility and disappointment amongst those currently bidding up growth assets.

Whilst we believe that the investment opportunities presented by Monark have relevance and appeal in all market environments, we believe our product to be particularly attractive in today’s environment, a case we will enjoy making later in this note.

Expectations for US interest rates

US markets have an expectation of six rate cuts priced in. We’d like to make two points here:

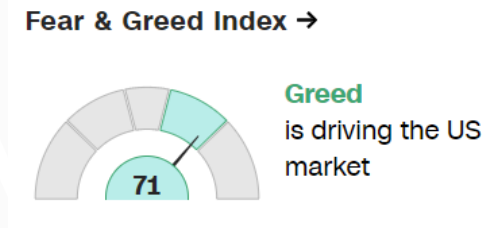
1. What is expected in the US may not materialise, and
2. What may take place in the US will arguably have less or limited bearing in Australia.

As regards US expectations...

Both equity and fixed interest markets enjoyed a powerful end to 2023. The initial and ongoing catalyst were growing expectations that peak rates were in and a series of cuts were destined to take place in 2024. Many now expect the first cut in March.

QUARTERLY INVESTOR UPDATE

The bullish mood produced by these expectations is illustrated in strongly positive investor sentiment. CNN's *Fear and Greed Index* is at a heady (and greedy) 71 at the time of writing.



The more traditional measure of investor sentiment, the VIX, sits at a comfortable and complacent 12.55 (as at 23 January). The lower the index, the more relaxed and bullish the investor. To give you some perspective, the all-time high was 82.7 and the all-time low, 8.6. Note also how the index has moved down almost 35% in the last year, mirroring the increasingly bullish mood.

Market Summary > VIX

12.55

-6.65 (-34.64%) ↓ past year

23 Jan, 3:15 pm GMT-6 • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



QUARTERLY INVESTOR UPDATE

At the time of writing, both the S&P500 and Nasdaq have gone on to post record highs.

There's no stopping the excitement of the crowds. Everyone loves a bull market.

But some experienced and respected commentators are not on board. In a note published on 19 January in the Financial Times, ex-PIMCO CEO, Mohamed El-Erian wrote:

"Financial markets need to recognise that the Fed's guidance of 0.75 percentage points of rate cuts starting later in the year is more reasonable than the significantly more dovish current market pricing".

FINANCIAL TIMES

The US economy is strong. Unemployment low. And, most importantly, inflation has not been vanquished with the most recent data release showing headline inflation *increasing* from 3.1 percent to 3.4 percent.

On the same day as El-Erian was expressing his views, San Francisco Fed President, Mary Daly, was sharing hers. According to an article published in the AFR on 23 January, Daly was quoted as saying it was:

"(P)remature" to think rate reductions are around the corner, noting she needs to see more evidence that inflation is on a consistent trajectory back to 2 per cent before easing policy.

FINANCIAL REVIEW

We don't believe the Fed will rush to cut rates. We expect a more patient and measured approach – unless there is a sharp slowdown or a material, disruptive exogenous event.

But markets expect otherwise. And if the Fed disappoints them, a *severe* repricing may be on the cards.

QUARTERLY INVESTOR UPDATE

Expectations for Australian interest rates

In our Prime Credit Fund's November update, we made the following point:

"Whilst the US has made considerable progress with defeating its inflation problem, we have not. The RBA has consistently been behind the curve and we still have negative real rates today. More so, we have a number of local factors that continue to put upward pressure on inflation."



Therefore... even assuming that US markets have got their cutting cadence correct (and we are in El-Erian's camp, believing this not to be the case), Australia faces its own, unique headwinds.

Our position was reinforced by recent comments from RBA governor, Michele Bullock, that Australia's inflationary pressures were now "homegrown". Further commentary was provided by the International Monetary Fund which said (of Australia) there was "no scope for a cut in the cash rate in the near term".

In fact, the IMF doubled down advising that monetary policy should be "tightened further to ensure inflation comes back to target earlier than 2026".

This is very different thinking to the current local narrative of two cuts later in the year.

Australia's path to lower inflation and thus lower rates is challenged by many factors including its hurried energy transition program (pushing up utility prices), the strength of our union movement (who are determined to secure material wage increases to compensate for the recent higher inflation), the government's broad infrastructure program (contributing to higher prices in the construction industry by ensuring a scarcity of both trades' people and building materials), the ever-increasing burden of compliance red tape (disrupting productivity and adding costs to many industries), an aggressive migrant program (exacerbating our housing shortage and leading to significant increases in rental costs), and a tight labour market (providing employees with wage bargaining power).

QUARTERLY INVESTOR UPDATE

Of interest, the IMF forecasts an average cash rate for Australia of 4.4 per cent this year and 4 percent in 2025.

As with the US, absent a sharp economic slowdown or a significant disruptive event (either here or globally), this situation will not be remediated in the short term.

Both locally and globally, the higher-for-longer view, whilst unpopular, appears to be the most logical and supported by fundamentals.

What does this mean for investors?

Rate cuts have been aggressively priced into growth assets.

This sets up the possibility for considerable equity market volatility and a delay to any recovery in the value of commercial property.

On a positive note, whilst we believe Monark's private debt facilities (whether through a fund such as the High Yield Debt Fund or individual, co-investment opportunities) are attractive in all investment environments, we consider them particularly appealing in the current:

- Higher rates tend to be an obvious plus for most debt investors,
- The contractual nature of each private debt facility, plus the collateral security of Australian real estate, provides secured private debt with a strong defensive character, and
- We don't need to have a view on inflation or future interest rates to deliver. We have the luxury of focusing on "the micro" (that is the projects we fund) rather than complex macro themes. The outcomes we achieve, and the returns we deliver, are predominantly under our control. They tend not to be subject to swings in sentiment and the prevailing narrative.

Secured private debt, offered by investment houses with strong management teams and robust track records, offers investors attractive qualities in all environments, but most especially the current one.

QUARTERLY INVESTOR UPDATE

Fund notes

The Fund's portfolio is now fully established and continues to perform strongly, providing investors with an Internal Rate of Return of 14.4% per annum.

As at 31 December 2023, the Fund has a value of \$70.2 million, \$58.7 million of this is investor capital and \$11.5 million accrued interest. The unit value is \$1.09.

A distribution of 3.26c per unit was made during the quarter, bringing total distributions made to date to 10.16c per unit. We expect repayment of both the Sera, Brighton and Reunion Place, Hampton facilities during the quarter ending 31 March 2024 which will provide us with an opportunity to make distributions of approximately 15c per unit.

Looking ahead

Echoing our views in the Fund's previous update, we anticipate continued positive progress by the Fund's portfolio.

We anticipate making further distributions over the course of 2024, expecting pay out around 30c per unit. This number includes the expected February distribution of circa 15c per unit.

Today's challenging environment favours lenders with the required expertise and experience. We describe Monark in conversations as a provider of "entrepreneurial capital". By this we mean a financier who collaborates with borrowers to create an optimum, win-win, funding solution. Today's environment has made Monark a funder of choice and continues to provide us with attractive opportunities to assess and to make available to our investors.

We take the responsibility of managing your investment with us seriously and thank you for partnering with us.

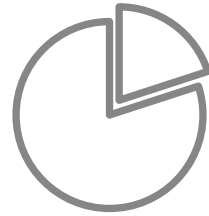
QUARTERLY INVESTOR UPDATE

Key Metrics



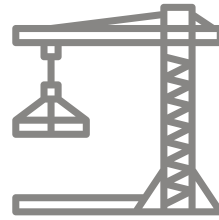
\$64.4M

Capital called



\$5.7M

Capital repaid



12

Number of portfolio investments



16.6%

Projected IRR of the Fund's underlying committed portfolio



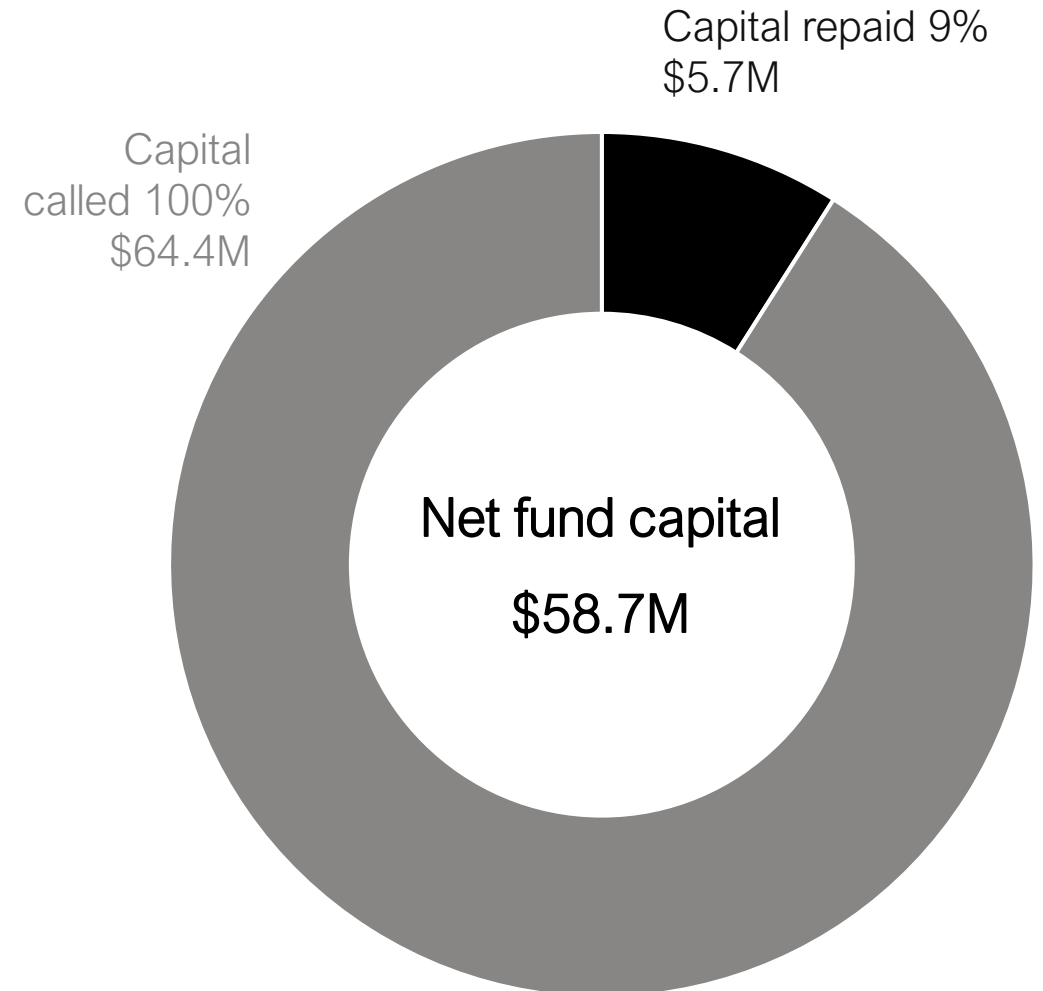
14.4%

Annual Fund IRR (net of fees and costs) from inception, 1 March 2022 to reporting date, 31 December 2023

QUARTERLY INVESTOR UPDATE

Fund Capital

| | Fund | Per unit |
|---|----------------|------------|
| Total capital committed | \$64.4M | \$1.00 |
| Capital movements | | |
| Net Fund capital – 1 October '23 | \$60.4M | 94c |
| Capital called during current quarter | - | - |
| Capital repaid during current quarter | \$1.7M | 3c |
| Net Fund capital – 31 December '23 | \$58.7M | 91c |
| Capital not yet called | - | - |



QUARTERLY INVESTOR UPDATE

Fund Performance

The Fund's underlying committed portfolio has a projected IRR of 16.6% with the Fund currently returning an overall 14.4% net IRR to investors.

| | Fund | Per unit |
|---|----------------|------------|
| Capital called | \$64.4M | 100c |
| Capital repaid | (\$5.7M) | 9c |
| Net Fund capital | \$58.7M | 91c |
| Net income distributed | \$0.8M | 1c |
| Net income accrued | \$11.5M | 18c |
| Total net income since inception | \$12.3M | 19c |
| Annual Fund IRR from inception (1 March 2022) to 31 December 2023 ¹ | 14.4% | |

¹ The Fund's final IRR will be determined after the repayment of all transactions in its portfolio. The Annual IRR includes facility transaction fees expected to be earned by the Fund at the maturity of certain transactions.

QUARTERLY INVESTOR UPDATE

Detailed Investor Cashflows

Capital called

| Date | Cents per unit |
|-----------------------------|----------------|
| 1 March 2022 | 20c |
| 17 June 2022 | 18c |
| 3 August 2022 | 34c |
| 15 February 2023 | 10c |
| 19 April 2023 | 5c |
| 18 May 2023 | 13c |
| Total capital called | \$1.00 |

Fund distributions

| Date | Cents per unit |
|----------------------------------|----------------|
| 3 May 2023 | 3.77c |
| 16 June 2023 | 3.13c |
| 9 October 2023 | 3.26c |
| Total distributions paid* | 10.16c |

*Investors' tax liability is determined by your pro rata entitlement to the income earned by the trust and is not necessarily related to the capital and income components of actual cash distributions. We expect to provide your Annual Tax Statement in early August.

QUARTERLY INVESTOR UPDATE

Unit Value

| | Fund | Per unit |
|---|----------------|-----------------|
| Net Fund capital | \$58.7M | 91c |
| Net income accrued | \$11.5M | 18c |
| Net asset value | \$70.2M | \$1.09 |
| | | Per unit |
| Unit value as at 31 December 2023 | | \$1.09 |
| Total distributions (capital and income) per unit to 31 December 2023 | | \$0.10 |
| Total growth per unit | | \$1.19 |

QUARTERLY INVESTOR UPDATE

Series 1 Portfolio as at 31 December 2023

| Facility | Amount deployed | Weighting |
|--------------------------------------|-----------------|-------------|
| 1. Harli Estate, Cranbourne West VIC | \$14.4M | 24% |
| 2. Rockpool, Rainbow Bay QLD | \$6.8M | 12% |
| 3. Reunion Place, Hampton VIC | \$6.7M | 12% |
| 4. Boxshall Street, Brighton VIC | \$6.3M | 11% |
| 5. Hampton Hill, Hampton VIC | \$5.6M | 10% |
| 6. Horton Parade, Maroochydore QLD | \$5.0M | 9% |
| 7. Bridport Street, Albert Park VIC | \$3.9M | 7% |
| 8. The Carlile, Armadale VIC | \$3.6M | 6% |
| 9. Westgarth, Fitzroy VIC | \$1.9M | 3% |
| 10. Point Nepean Road, Rye VIC | \$1.3M | 2% |
| 11. Sera, Brighton VIC | \$1.3M | 2% |
| 12. Land Subdivision, Deanside VIC | \$1.2M | 2% |
| | \$58.0M | 100% |

PORTFOLIO REVIEW

Harli Estate, Cranbourne West

950 Western Port Highway, Cranbourne West VIC

Developer, Resolution Property Group (RPG), is collaborating with the vendor, Natural Resources Conservation League, to deliver an exemplar of environmentally sustainable development. Specifically, a land subdivision comprising 181 lots on a 9.2 ha infill site with homes having a 7-star NatHERS rating. RPG is a property development manager company experienced in acquiring and developing master planned communities, residential land subdivisions, infill townhouse projects and residential/golf communities throughout Victoria. Monark is a shareholder in the project.

Key Information:

| | |
|-------------------------|---------------------------|
| Developer | Resolution Property Group |
| Current Fund Investment | \$14.4 million |

Project Update

- Both land settlement and receipt of a Planning Permit for the project took place in August 2022.
- The project launched on 15 October 2022. To date 55 unconditional sales contracts have concluded out of the 72 lots made available for sale in Stages 1 & 2.
- The Developer has appointed a Civil Contractor and works are underway on Stage 1.
- Construction funding has been secured for both stages with the completion of Stage 1 and 2 anticipated in Q1 and Q2, 2024, respectively.



PORTFOLIO REVIEW

Rockpool, Rainbow Bay

154 Marine Parade, Rainbow Bay QLD

The project comprises 21 luxury apartments over 12 levels with three levels of basement providing 73 parking spaces. Communal amenities include a gym, sauna, outdoor showers, a swimming pool with a deck, and business facilities. The development has been designed to appeal to the premium end of the owner occupier market.

Key Information:

| | |
|-------------------------|--|
| Developer | Joe Adsett Architects |
| Builder | Tomkins Commercial & Industrial Builders |
| Current Fund Investment | \$6.8 million |

Project Update

- The development site was purchased off-market in mid 2020.
- Site demolition was completed, and a display suite erected, in August 2020.
- A Planning Permit was issued by the Gold Coast City Council in June 2021.
- 16 of the 21 apartments have been sold confirming the project's market acceptance.
- Construction commenced on 17 January 2023.
- Basement shoring works were completed in December 2023 with suspended slabs on B3 and B2 to commence early 2024.
- Installation of services commenced and are ongoing.



PORTFOLIO REVIEW

Reunion Place, Hampton

23-25 Linacre Road & 1A Deakin St, Hampton VIC

A luxury 24-apartment project over three stories with basement car parking comprising 49 carparks. Located 350m from Sandringham Beach in the sought-after suburb of Hampton. Designed by award-winning architects Fender Katsalidis. The development site was amalgamated through the acquisition of three adjoining properties.

Key Information:

| | |
|-------------------------|---------------|
| Developer | Noetic Places |
| Builder | Sinjen |
| Current Fund Investment | \$6.7 million |

Project Update

- Demand for units in the project has been strong with unconditional sales contracts concluded for 16 of the 24 apartments for a total consideration of \$27.6 million.
- The Developer has opted to retain the unsold stock as investment properties and is in advanced discussions with preliminary approvals to obtain a Residual Stock Facility from a third-party.
- The Developer has obtained Council's Statement of Compliance, installed United Energy meters, completed onsite fieldworks for the Plan of Subdivision and submitted Plans of Subdivision to council.
- Practical Completion is on track for 31 January 2024 and Settlements are anticipated to commence at the beginning of February 2024.



PORTFOLIO REVIEW

Boxshall Street, Brighton

28–30 Boxshall Street, Brighton VIC

The project comprises 15 luxury apartments. The land is a corner site in the blue-ribbon suburb of Brighton, offering views over the Town Hall and gardens.

Key Information:

| | |
|-------------------------|-----------------|
| Developer | Jacmax Projects |
| Builder | Coben |
| Current Fund Investment | \$6.3 million |

Project Update

- Procurement is approximately 90% complete including full structure, services, lift, plasterboard and carpentry. The builder has trade coverage on many of the un-let packages and is negotiating final terms with suppliers.
- Concrete structure is complete through Level 1, with Level 2 to be completed by late January. Services Installations have also commenced in the basement.
- Authority supply agreements are in place for gas, NBN, electrical supply, stormwater and sewer, and water. Connections are primarily complete with the exception of gas and NBN.
- Sales enquiries have been strong with the project well received by the local market. To date seven unconditional sales contracts (with a total value of \$27.4 million) have been concluded.



PORTFOLIO REVIEW

Hampton Hill, Hampton

464-476 Hampton Road, Hampton VIC

The high-profile site, located in the Hampton Hill village, was amalgamated by purchasing six shops. Development of 29 boutique apartments (previously 32, but reduced to 29 following the amalgamation of four units) over five levels, and ground floor retail over 60 basement car parks. Designed by renowned architect, Woods Bagot, the project has been conceptualised as an Environmentally Sustainable Design with a 7.5 star NatHERS Energy Rating. Monark is a shareholder in the project.

Key Information:

| | |
|-------------------------|---------------|
| Developer | Low Living |
| Builder | Low Create |
| Current Fund Investment | \$5.6 million |

Project Update

- Project received planning approval in October 2021.
- Since launch, the project has concluded nineteen unconditional sales contracts (65% by number available, and 64% by value). Half the retail area has been sold to an owner occupier business.
- The basement, ground floor and level 1 slabs have been poured. Level 2 slab is expected to be completed in January 2024.



PORTFOLIO REVIEW

Horton Parade, Maroochydore

127–137 Horton Parade, Maroochydore QLD

This property is a corner site located within the Maroochydore CBD. It includes two commercial buildings with 50 undercover car parking bays and 16 uncovered car parking bays. The developer’s strategy is to procure development approval for a multi-level residential project or hotel and then market the property as a ready-to-develop opportunity. Monark is a shareholder in the property.

Key Information:

| | |
|-------------------------|---------------------|
| Developer | ZR Property Pty Ltd |
| Current Fund Investment | \$5.0 million |

Project Update

- The Property was successfully acquired on 30 June 2022.
- It sits on 2,978 sqm of land and has a Net Lettable Area (NLA) of 2,280sqm.
- The Property is leased to A-grade tenants including ANZ, Department of Veterans’ Affairs, Projex Partners and Full Life Psychology.
- ANZ, the anchor tenant, entered into a renewal of lease for a further 3-year term commencing 1 September 2023.
- The Property is currently 20% vacant, representing a total NLA of 454sqm. Colliers Sunshine Coast and Ray White Commercial have been appointed to lease the vacant space. The Developer has accepted an offer from a group of barristers for a 3 years lease , expected to be executed in February 2024.



PORTFOLIO REVIEW

Bridport Street, Albert Park

146–150 Bridport Street, Albert Park VIC

The developer has strategically acquired and amalgamated three sites to develop a 5-level mixed-use development comprising luxury apartments, all with basement carparking, to be constructed above office and retail areas. The project is located in a high-profile shopping strip in the blue-ribbon suburb of Albert Park. Designed by well-regarded architecture firm Cera Stribley. Monark is a shareholder in the project.

Key Information:

| | |
|-------------------------|-----------------|
| Developer | Jacmax Projects |
| Current Fund Investment | \$3.9 million |

Project Update

- A Planning Permit application was submitted in December 2022.
- A VCAT application was submitted in March 2023.
- An amended application was subsequently submitted post Compulsory Conference, proposing a reduced five-storey building. Council support was obtained based on the amended application ahead of the VCAT Hearing.
- The VCAT hearing took place in November 2023. Due to a conflict of interest allegation against a VCAT member, now resolved, the hearing was unable to be completed in the time allocated. Further time has been allocated in March 2024.



PORTFOLIO REVIEW

The Carile, Armadale

929 – 933 High Street, Armadale VIC

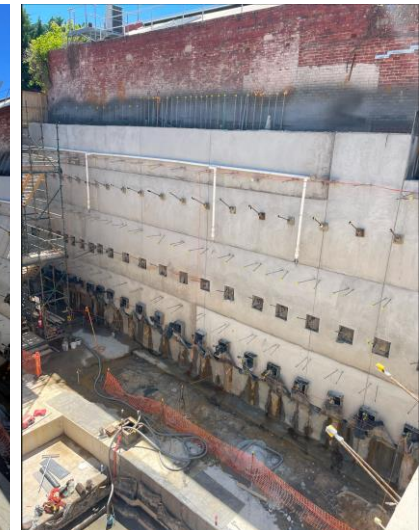
A luxury six-level development with nine apartments and two retail units. Three levels of basement car parking provide traditional garage and tandem car spaces accessed via a car lift. Designed by Bayley Ward, the apartments comprise two, three and four-bedroom units ranging in size from 107 sqm to 332 sqm. The apartments are proposed to be finished to a luxury standard featuring timber flooring, natural stone benchtops and splash backs, Vzuga induction appliances, integrated Leibherr fridges and Vintec wine fridges, built in gas fireplaces, floor and wall tiled bathrooms with freestanding tubs and uninterrupted CBD views to the northwest for upper-level apartments.

Key Information:

| | |
|-------------------------|---------------|
| Developer | Hewson |
| Builder | Cobild |
| Current Fund Investment | \$3.6 million |

Project Update

- A planning permit was issued by Stonnington Council on 23 August 2019.
- Demand for the units in the project has been strong with unconditional sales contracts concluded for four of the nine apartments and for both retail units.
- A Stage 3 Building Permit for full structure has been issued and further stage Building Permits will be issued prior to requirement.
- Piling and capping beams have been completed with excavation, waterproofing and shotcrete complete through all basement levels. A crane is anticipated to go up towards the end of January.
- The main contract works commenced on 17 May 2023 with completion date forecast of February 2025 which includes an Extension of Time (EOT) for in-ground variation works.



PORTFOLIO REVIEW

Westgarth, Fitzroy

82 Westgarth Street, Fitzroy VIC

Designed by Melbourne architects, Walter & Walter, the project comprises 16 apartments and two townhouses built over six storeys.

Situated in the popular suburb of Fitzroy, the property is less than a 30-minute walk to the Melbourne CBD and just minutes from many local restaurants and cafés situated along Brunswick Street.

Key Information:

| | |
|-------------------------|-----------------|
| Developer | Jarrah Property |
| Builder | AG Construct |
| Current Fund Investment | \$1.9 million |

Project Update

- Monark settled the facility for the project in January 2023.
- 11 apartments and two townhouses have been presold, representing 72% of total stock.
- Project achieved top-out (i.e. completion of roof slab pour) in December 2023 and is on-track for brick installation and services rough-in in early 2024.
- The project is currently on track for a late 2024 delivery.



PORTFOLIO REVIEW

Point Nepean Road, Rye

2123-2135 Point Nepean Road, Rye VIC

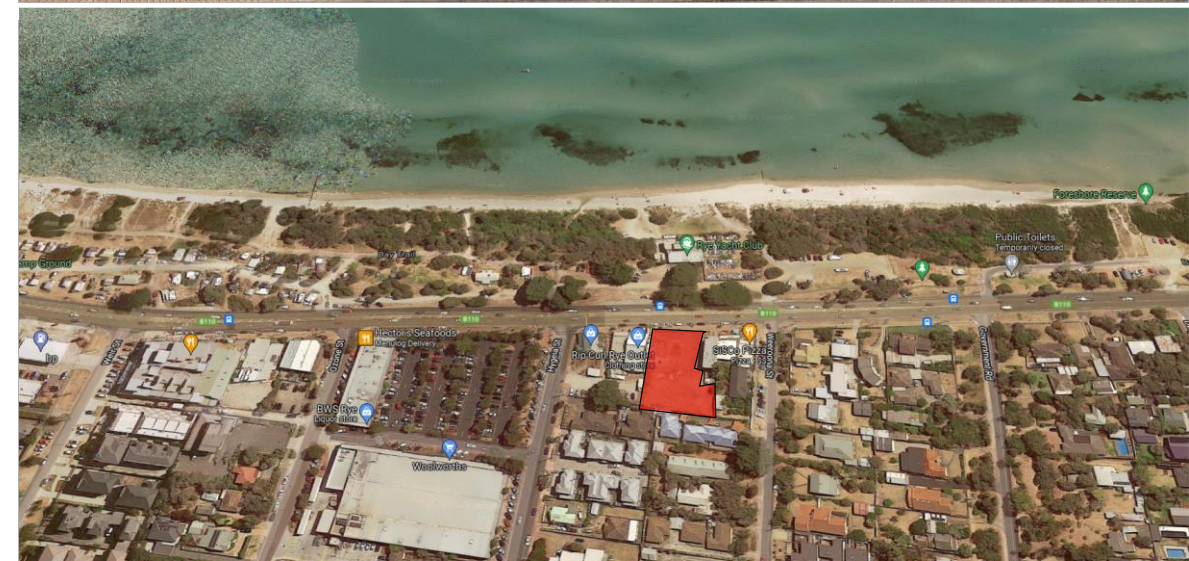
The Project is designed by Cera Stribley architects and is aimed at owner-occupiers / downsizers who are seeking high quality but low maintenance beachside retreats and are priced out of the Mornington / Sorrento & Mount Martha markets. The development consists of 20 apartments and ground floor commercial/retail spaces.

Key Information:

| | |
|-------------------------|---------------|
| Developer | Curtis York |
| Current Fund Investment | \$1.3 million |

Project Update

- Land for the project was settled in October 2022.
- A planning permit for the Project was received in November 2023.
- The Project marketing launch took place in late December 2023 and has received around 70 expressions of interest indicating strong demand. The Developer and the sales agent continue to work with the interested purchasers to secure binding contracts of sale.



PORTFOLIO REVIEW

Sera, Brighton

736 – 742 Hampton Street, Brighton VIC

Sera is a development of 12 luxury apartments and two ground floor commercial/retail tenancies. The Project is designed to 7.5 star energy rating with sustainability in mind and is equally appealing for environmentally conscious first home buyers and downsizers.

Key Information:

| | |
|-------------------------|---------------|
| Developer | Lowe Living |
| Builder | Lowe Create |
| Current Fund Investment | \$1.3 million |

Project Update

- Project was completed in Q4 2023.
- 5 of the 12 apartments have been sold with the retail premises leased to a café operator.
- The Project has received an occupancy permit and repayment of the facility is imminent, partly funded by a residual stock facility from an external lender.



PORTFOLIO REVIEW

Land Subdivision, Deanside

131-171 Deanside Drive, Deanside VIC

The land of 12.12 hectares, located at 131 – 171 Deanside Drive, has a net developable area of 6.7 hectares. The project involves the construction and development of 124 residential lots, providing affordable housing stock with an average lot price of \$395k - a price point currently attracting strong demand.

Key Information:

| | |
|-------------------------|---------------|
| Developer | Solvey |
| Current Fund Investment | \$1.2 million |

Project Update

- Financial Close took place in February 2023.
- The Developer has now engaged a majority of the consultant team via competitive tender.
- A town planning application has been submitted to the Melton City Council.
- A Geotech Report has been obtained which will now enable engineering design to commence.



Contact

Michael Kark
CEO & Co-founder
M. 0412 181 172
michael@monarkpartners.com.au

Adam Slade-Jacobson
CIO & Co-founder
M. 0411 176 600
adam@monarkpartners.com.au

Marina Shnaider
Director, Private Capital
M. 0499 108 024
marina@monarkpartners.com.au

Dani Peer
Director, Funds Management
M. 0415 296 820
danielp@monarkpartners.com.au

Melbourne Office

Level 2,
390 Malvern Road
Prahran VIC 3181
03 8571 1710

Sydney Office

Westfield Tower 2,
22/101 Grafton Street
Bondi Junction NSW 2022
02 8095 6450