



AUSTRALIAN
PRIVATE MORTGAGES

Lending & Investment Solutions Made Easy

— INVESTOR REPORT MARCH 2024 —

PREPARED BY:

@AUSTRALIANPRIVATEMORTGAGES

QUARTER THREE

ALTERNATIVE INVESTMENT
COMMERCIAL REAL
ESTATE DEBT (CRED)

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COMMERCIAL REAL ESTATE DEBT (CRED) OPPORTUNITIES

APM's investment objective is to provide Sophisticated Investors with Alternative Income Solutions that are based on Commercial Real Estate Debt (CRED).

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About Us

Since its inception, APM has funded more than \$300M+ in transaction settlements, secured via First Mortgages, with 100% Capital Return.

These funds have been invested in a range of high-quality loans, including Residential and Commercial Developments, Land Subdivisions, Unit Developments, and Land Banking transactions.

Your investments are backed by quality property assets recently appraised and secured by a First Ranking Mortgage.

- \$2M to \$20M per transaction
- 12-to-18-month Loan Term

To maintain the success of this funding model, APM conducts thorough due diligence on all credit aspects. This includes evaluating the sponsor's capacity to support and exit borrowing arrangements, as well as property security fundamentals and Builders viability.

Our emphasis on these rigorous attributes has contributed to APM's record of generating Stable and Secure Returns for Investors, without incurring any capital losses.

Australian Private Mortgages specialises in secure and dependable CRED investment solutions, utilising First Mortgage loans to transform our partners' visions into reality.

OUR VALUES



Collaboration

APM has access to a diverse pool of borrowers and investors, allowing it to match the supply and demand of the CRED sector and work together to achieve mutual success.



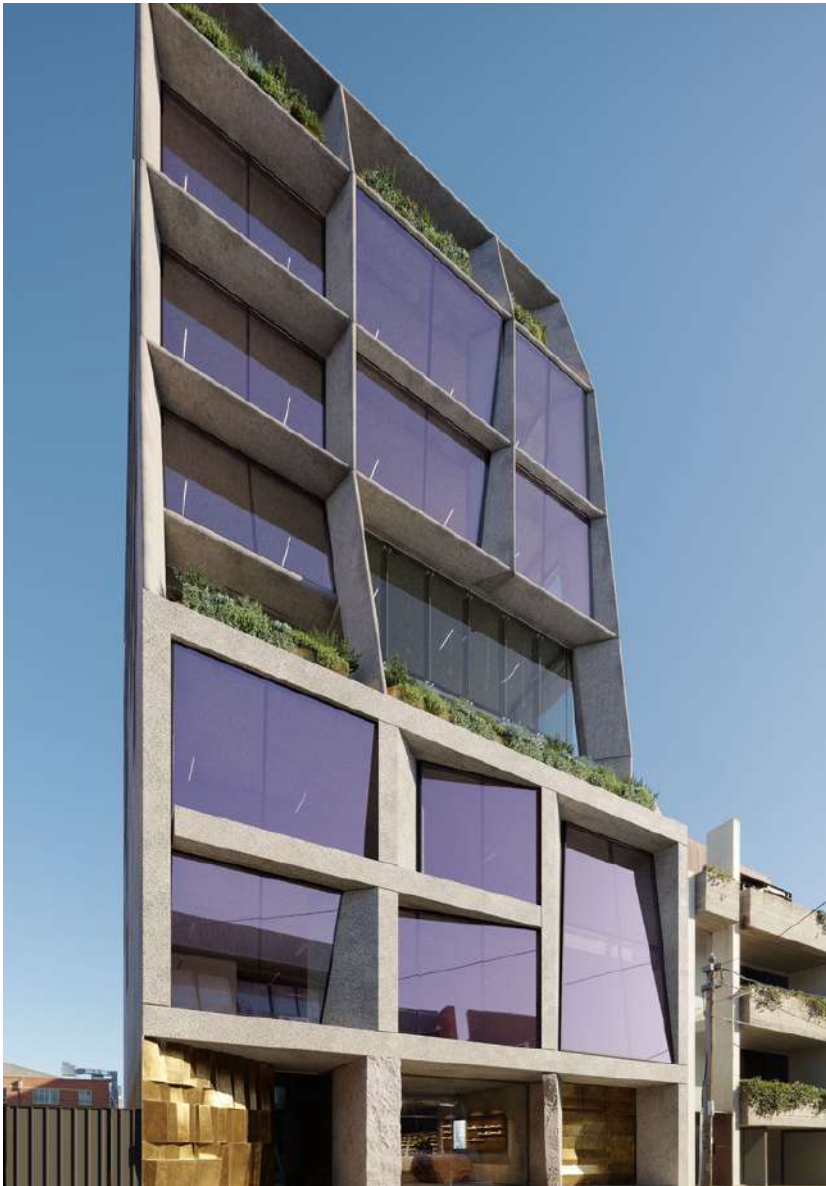
Care

We prioritise the financial well-being of Sophisticated Investors and Borrowers. Our team prioritises risk management and provides reliable and customised Alternative Investment Solutions tailored to your time frame and goals.



Trust

Our Credit team, with over 80 years of combined lending expertise, has a proven track record of success. We have helped our investors achieve an average return exceeding 8.65% annually over the 5 years, with 100% capital returns.



WHY PARTNER WITH APM

Opportunity. We are empowering Sophisticated Investors to access higher Income-Yielding Investments than those typically found in traditional fixed-interest options.

Partnership. We provide competitive and well-funded First Mortgage Alternatives that cater to borrowers' short-term funding needs.

Security. Creating Stable Alternative Investment Options with Lower Risk through High-Quality Loans.



INVESTMENT FUNDAMENTALS

Investing. Mortgages funded via the Zagga Investment Trust (AFSL) managed by Australian Private Mortgages provide the opportunity to invest in fractionalised Commercial Real Estate Debt (CRED) opportunities.

Strong Returns. Investors can expect consistent, solid, and secure Alternative Income Solutions. Our 3-year average APM CRED performance is 8.65% annually, ensuring solid returns for our valued investors. (12 Months Return - 9.15% per annum)

Lending. Offer Alternative funding solutions via 1st Mortgages, generally up to 70% LVR, outside traditional institutional funding.

Facilitating. Collaborate with Borrowers to achieve funding solutions focusing on Wealth Creation outcomes.



@AUSTRALIANPRIVATEMORTGAGES

MARCH 2024 - APM QUARTERLY UPDATE

COMMERCIAL REAL ESTATE DEBT (CRED) OPPORTUNITIES



Australian Private Mortgages Investments Pty Ltd ACN 670 308 788 (APMI) is the manager of this investment under an Investment Management Agreement entered into between APM and Australian Private Mortgages Pty Ltd ACN 157 984 819 as trustee of APM Unit Trust ABN 93 456 240 422 (APM). Zagga Market Pty Ltd (Australian Credit Licence 490904) ACN 611 662 401 acts as the Servicer of loans acting on behalf of the credit provider, Zagga Investments Pty Limited (AFSL 492354) ACN 615 154 786, the trustee of the Zagga Investments Lending Trust. APM is an authorised representative of Zagga Market Pty Ltd.

QUARTERLY REVIEW



	JANUARY 2024	FEBRUARY 2024	MARCH 2024
Active Loans	\$75,006,000	\$70,333,000	\$73,177,000
Plus - New Loan Settled	\$2,960,000	\$3,546,000	\$150,000
Minus - Loan Discharged	\$0	\$6,860,000	\$310,000
Total FUM	\$77,966,000	\$73,647,000	\$73,337,000

\$6.656M

Total value of new loans settled for the quarter.

\$7.17M

Total value of existing loans discharged for the quarter.

\$24.2M

Value of new opportunities APRIL/MAY 2024

Throughout the quarter ending in March 2024, APM's loan portfolio showcased a dynamic balance, reflected in both the settlement of new loans and the management of active loans. The value of active loans showed slight adjustments across the months, with totals of \$75,006,000 in January, reducing slightly to \$70,333,000 in February, before rebounding to \$73,177,000 in March. These movements illustrate a stable yet responsive portfolio management strategy, adept at navigating the variances within the CRED loan market.

The quarter's activities highlight APM's proficient management of its loan portfolio, characterized by a strategic blend of growth through new settlements and stability in the active loan values. This balance underlines APM's agility and effective risk management, positioning the company well for sustained growth and strategic adaptation in the upcoming quarter.

UPCOMING DISCHARGE LOANS

11 Raymond St Melton Pty Ltd (Melton) 3600071

- LVR: 65% (As If Complete)
- Total Lend: \$1,368,000
- Loan Term: 11 months
- Investor Return: 9.00% p.a. (pro-rata)
- Purpose: Progressively Drawn Development Facility to assist with the rooming house development at 13 Raymond Street, MELTON SOUTH, VIC 3338
- Loan to be discharged in APRIL 2024





INVESTMENT RETURN COMPARISON

Period ending 31st March 2024

	1 Year	3 Years (p.a.)	5 years (p.a.)
APM/Zagga Mortgage Trust Investments	9.15%	8.65%	8.00%
S&P/ASX 200 Australian Equities Index	16.80%	9.62%	9.15%
S&P/ASX Australian Fixed Interest	1.37%	-1.67%	-0.02%
Reserve Bank of Australia 90 Bank Bill Yield*	3.81%	1.80%	1.34%

*Reference rate for market interest rates.

DELIVERING TOP QUARTILE RETURNS VIA AN ALTERNATIVE INCOME SOLUTIONS.

DISCLAIMER: Past performance is no guarantee of future results. Past performance is not a reliable indicator of future performance and investments are subject to investment risk, fees and costs.

MARKET UPDATES

As we move through the early months of 2024, the global and Australian economies demonstrate resilience amidst a landscape of optimism and caution. The Reserve Bank of Australia (RBA) has maintained the cash rate target at 4.35% for January, February and March 2024, indicating a cautious stance amid ongoing economic recovery and inflation concerns. This decision reflects the RBA's measured approach to navigating current economic conditions, signalling a cautiously optimistic outlook for the economy. Such stability in the cash rate can significantly influence investment decisions, especially in sectors sensitive to interest rate changes like real estate and construction.

The current economic environment, characterised by high interest rates and inflation, underscores the need for adaptive investment strategies that can navigate the complexities of the changing economic landscape. For Investors, staying informed of central bank signals and changes in economic indicators is crucial for making informed investment and financial decisions. The current cash rate offering and equivalent asset class investing, is an attractive alternative to Equity based investing, in light of the recent Global equity market upturn.

Within the Melbourne housing market, discussions on affordability, high construction costs, and the impact of inflation remain prominent. The state government's efforts to address housing shortages in metropolitan and regional areas reflect an acknowledgment of these challenges and a commitment to finding solutions. Yet, for developers and builders, navigating the complex planning process and achieving outcomes that meet policy objectives and financial feasibility is a significant challenge.

At APM, we are attuned to the market conditions and the central bank's cautious yet stabilising role in the economy. Our commitment to rigorous risk assessment and proactive project management enables us to support borrowers and investors effectively. The performance of the APM, CRED portfolio, demonstrates the strength of our strategic approach, providing a solid option for investors seeking reliable returns in a fluctuating market. The performance of our CRED portfolio of loans has returned an impressive 9.15% pa over the last 12 months and 8.65% p.a over the previous 3 years.

MARKET UPDATES

As we progress into 2024, our stance remains one of cautious optimism. We are steadfast in our commitment to strategic navigation through the ever-changing economic and market conditions.

Our unwavering focus is on protecting Investor capital and seizing valuable opportunities. The challenges and opportunities within the Melbourne property market, in particular, serve as our compass, guiding our efforts to contribute to meaningful solutions for both our Borrowers and Investors.

We are diligently working on a number of new opportunities that will be available shortly, all of which are detailed in our comprehensive quarterly report.

APM has also strengthened its team by including a Credit Analyst to assist our Borrower's onboarding process and improve our portfolio management. This new role will further enhance our credit process and deliver outcomes to our investors.

As we move closer to the financial year's end, we will announce the establishment of the Australian Private Mortgages Investment Mortgage Fund. (APMI MF). The new Mortgage Fund aims to deliver ongoing Investor returns throughout the year with quarterly Income distribution.

Further information on the APM Mortgage Fund will be available in the coming months.

Anthony D'Alessandro
Founder / CEO
Head of Treasury/ Credit



MARKET UPDATES

During the third quarter, there has been a slow rise in optimism among developers. With the stabilisation of the cash rate, potential purchasers are diligently seeking good-value properties in highly desirable locations. This trend has been further fuelled by banks reassessing their credit policies and extending additional support in consumer credit finance to bolster their market presence and lender pricing campaigns in retail lending.

As population growth continues, we have observed a growing prominence of land developments in regional areas. While there are indications of a slowdown in commercial developments, owner-occupiers continue to play a significant role in the developer space. Slow development approvals over recent months and tight labour markets have impacted materially new funding opportunities; however, we expect this to shift as the year progresses.

Over the past months, APM has seen an increase in the volume of Lending enquiries compared to previous periods. As a proactive measure, we remain committed to thorough scrutiny, regularly reviewing our credit positions and proactively managing risks across all development segments. To this end, we have appointed a Project Manager to oversee ongoing developments, ensure adherence to timelines, and review new projects according to construction schedules.

To further strengthen our credit evaluation processes, we will be adding a credit analyst to our team. This pivotal role will focus on enhancing the quality of credit papers and monitoring lending milestones across various developments, thereby ensuring strict adherence to lending conditions.

APM continues to build strong application activity for the fourth quarter, which should result in positive loan offerings for our Investors to consider over the coming months.

Lino Pelaccia
*Executive Director & Business
Development at APM*



MARKET UPDATES

Leading from a dismal and non-progressive 2023, the market is currently showing similar signs of the 2023 second half.

Construction projects moving from concept to pre-construction have slowed significantly, especially in the residential markets. The most significant growth sectors have been local infrastructure, health and education, and industrial and social housing products.

Moving into 2024, as the pipeline of construction work continues to exceed the availability of skilled and unskilled labour, workforce challenges will remain. Mavenstone conducts regular tenders on various commercial, industrial, and residential projects, and reliable builders present similar outcomes; trade coverage and available sub-contractors are challenging.

However, the construction industry is not all bad. Transparent strategies, open-book processes, and risk sharing are being undertaken, predominantly due to the need for more projects coming through the pipeline and into the market.

Currently, Mavenstone is actively managing \$200m of property assets (\$90m in commercial, \$80m in Residential, and \$30m in health and education). The activity within the commercial space had been a strong growth sector for the majority of 2023; that asset class has now shifted to less of an asset class due to significant vacancy rates in office/retail spaces. The only active commercial assets have been built to lease developments, i.e., micro warehouses, self-storage, petroleum, and childcare.

MARKET UPDATES

Looking ahead, the demand for residential properties is on the rise. Our network is already showing increased acquisition requests for residential properties in anticipation of this trend. We are particularly optimistic about the potential of medium to high-end apartment projects and multi-residential townhouse developments, which currently make up 35% of Mavenstone's future pipeline. These developments are set to become a vital asset class, leading the way in 2025.

Mavenstone has been actively working with Social Housing providers to repurpose apartment permits that were not feasible to activate and have now been transformed to apply for the generous Victoria government \$ 1 billion fund.

Commercial products such as Childcare, health and wellness, self-storage, and targeted small business warehouse facilities are predominantly the most active commercial assets and will continue to be so through 2024.

Our partnership and mandate with APM is to vigorously manage APM projects tightly to ensure timely and cost-controlled outcomes with robust management protocol, which Mavenstone will administer on behalf of the pool of APM Investors groups.

Michael Savoia
Project Manager at Mavenstone
/ APM External Consultant



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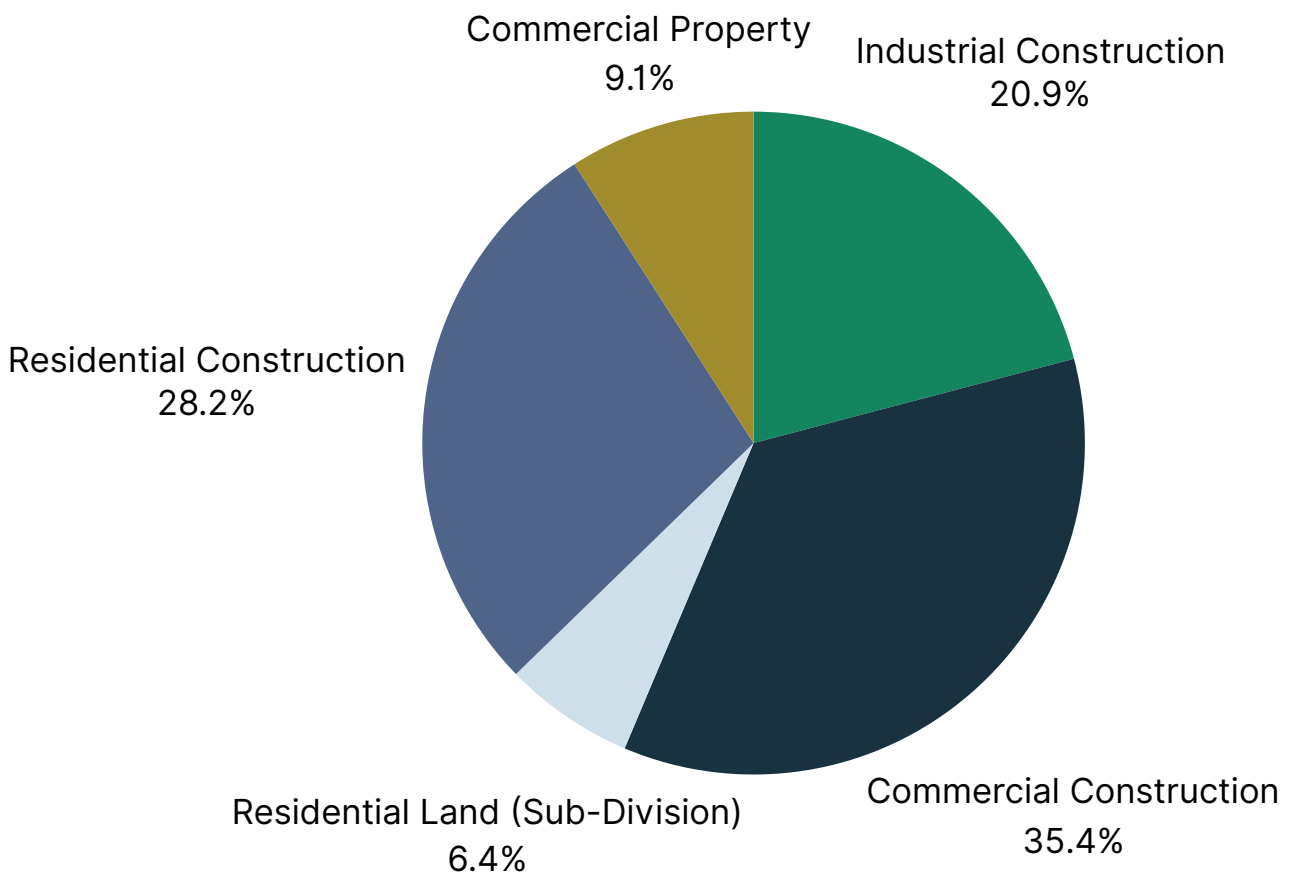
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COMPOSITION OF CRED INVESTMENTS BY SECURITY CATEGORY



MORTGAGES BASED ON GEOGRAPHIC LOCATION



***All loans within the Active Portfolio over the December Quarter**

ACTIVE INVESTMENTS

We are delighted to present the latest edition of our investor update quarterly report bringing you insightful updates on the progress of our portfolio of loan transactions and valuable market analysis in the Commercial Real Estate Debt (CRED) sector.



DELU Pty Ltd (Strathmore) 3600059

- Construction Cost to date is 98% of the Contract Sum.
- Builder, PM and APM are collaborating to bring the project to completion shortly
- Loan expected to be paid out in July 2024



11 Wilton Rd Ocean Grove Pty Ltd (Ocean Grove) 3000107

- 9 lots Subdivision with a civil contract timeframe of 12 months.
- Completion of the demolition phase, commencement of civil work
- Anticipated Maturity in August 2024



25 Launceston Pty Ltd (Williamstown North) 5000149

- Construction of 1 warehouse
- Construction Cost to date is 80% of the Contract Sum
- Project ahead of schedule
- Anticipated Completion in May 2024. Loan due August 2024



Cubitt St Pty Ltd (Cremorne) 5000143

- Construction of commercial building for a repeat borrower with strong credentials.
- Construction Cost to date is 59% of the Contract Sum and works are progressing well with a forecast completion in October 2024.
- Altera Cremorne - <https://www.altera-cremorne.com.au/>



Broadford 45 Pty Ltd (Broadford) 4200058

- LVR: 55.25% (As IS Market Value)
- Total Loan Facility: \$2,541,000
- Total Loan Term: 12 Months
- Equity release to complete residential development

As of MARCH 2024, APM portfolio consists of 12 high quality loan transactions that encompass a diverse range of sectors, including land banking, construction finance, residual stock, and investment purpose. Each loan transaction has been carefully selected to align with our strategic vision and deliver high-yielding investments opportunities



Kokodaeng Pty Ltd (RESERVOIR) 3600048

- 4 Pre-Sales with 51% Debt Coverage
- Construction Cost to date is 85% of the total Contract Sum
- Construction is progressing well
- Loan Extension of 5 months and 15 days has been granted
- Loan Maturity Date: 30 August 2024



11 Raymond St Melton Pty Ltd (Melton) 3600071

- Construction Cost to date is 100% of the Contract Sum.
- Occupancy Permit Issued
- The refinancing process is currently underway, expected to conclude by April 2024.



67 Dare St Ocean Grove Pty Ltd (OCEAN GROVE) 5000154

- Purpose: 4 Luxury Townhouse Residential Development
- Investor Return: 9.50% p.a.
- Demolition activities are currently in progress





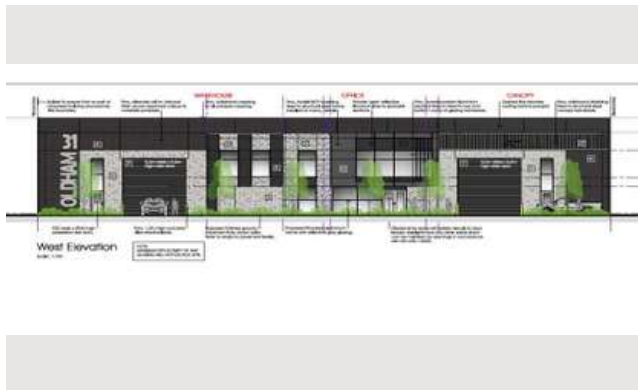
**Concorde Park Developments Pty Ltd
(Werribee) 5600103**

- Construction of 11 Industrial Warehouses and Storage Units
- Construction Cost to date is 78% of the total Contract Sum
- Construction is anticipated to be completed by May 2024.
- The loan facility will be extended by a further two months approx. to accommodate compliance needs and settlement.



**Transit Developments Pty Ltd
(Campbellfield) 5600111**

- Construction of a large warehouse for a repeat borrower with strong credentials
- Building permit obtained; work on footings underway.
- Expected project's completion date September 2024
- Achieved 2 Pre-sales Totalling \$8.1M plus GST
- Peak Debt 100% covered by Sales Revenue



**Oldham Developments Pty Ltd
(EPPING) 5000154**

- Construction of a large warehouse for a repeat borrower with strong credentials
- Finalising the Building Permit, anticipated to begin groundwork in April 2024
- Estimate project completion in October/November 2024



**Salco Investments Pty Ltd
(Eltham) 5000153**

- Purchase of Industrial Property for future Commercial development
- Awaiting an update on the Planning Permit
- Loan due for rollover opportunity June 2024
- A new term will be offered to the Borrower in May 2024



RECENTLY MATURED INVESTMENTS



45 Stawell St Pty Ltd (Langwarrin) 3600047

- **13 Townhouses Development with 110% Pre Sales**
- **Loan Fully Repaid in Feb 2024**
- Construction Cost to date is 100% of the Contract Sum
- Total Loan Amount: \$5,025,000
- Delivered Return: 9.25% p.a.



Vermont Land Holding Pty Ltd (Queensland) 3500166

- **Loan Fully Repaid in Feb 2024**
- Working Capital Advance
- Total Loan Amount: \$2,145,000
- Delivered Return: 8.00% p.a.
- Loan Term: 12 months

UPCOMING OPPORTUNITIES



EARLY 2024 - DELIVERING CONSISTENT, RELIABLE AND HIGH-QUALITY CRED INVESTMENTS OPPORTUNITIES

ELSTERNWICK, VIC

- LVR: 65% (Inclusive of Interest and Cost)
- Loan Facility Amount: \$1,560,000
- Estimated Loan Term: 10 Months
- Investor Return: 9.00% p.a. - IRR 9.78% p.a.
- Anticipated Funding Date: APRIL 2024
- Purpose: Residential Construction - First Mortgage Development Loan Facility - 3 Luxurious Townhouse



BRIGHTON, VIC

- LVR: 68% (Inclusive of Interest and Cost)
- Loan Facility Amount: \$10,700,000
- Estimated Loan Term: 12 Months
- Investor Return: 9.40% p.a. - IRR 10.19% p.a.
- Anticipated Funding Date: APRIL 2024
- Purpose: Balance of Construction and refinance of a Premium Home



COWES, VIC

- LVR: 65% (Inclusive of Interest and Cost)
- Loan Facility Amount: \$3,840,000
- Estimated Loan Term: 16 Months
- Investor Return: 9.50% p.a. - IRR 10.68% p.a.
- Anticipated Funding Date: MAY 2024
- Purpose: Refinance and development loan to build 7 townhouses



UPCOMING OPPORTUNITIES



EARLY 2024 - DELIVERING CONSISTENT, RELIABLE AND HIGH-QUALITY CRED INVESTMENTS OPPORTUNITIES

METUNG, VIC

- LVR: 65% (Inclusive of Interest and Cost)
- Total Loan Facility: \$1,342,000
- Estimated Loan Term: 12 Months
- Investor Return: 9.25% p.a. - IRR 10.16% p.a.
- Anticipated of Settlement in MAY 2024
- Purpose: Residential Construction - Two Townhouses



WOODEND, VIC

- LVR: 65% (Inclusive of Interest and Cost)
- Loan Facility: \$7,400,000
- Estimated Loan Term: 20 Months
- Investor Return: 9.75% p.a. - IRR 11.21% p.a.
- Anticipated of Settlement in MAY 2024
- Purpose: Residential Construction



BREAKWATER, VIC

- LVR: 65% (Inclusive of Interest and Cost)
- Loan Facility: \$2,772,900
- Estimated Loan Term: 15 Months
- Investor Return: 9.50% p.a. - IRR 10.60% p.a.
- Anticipated of Settlement in MAY 2024
- Purpose: Residential Construction



OUR TEAM

Australian Private Mortgages Team works towards one goal: helping you achieve your investment objectives, along with the return of your capital. Our team works diligently to ensure timely execution and maintenance of a high-quality lending process. We are confident that we can provide you with reliable and outstanding results.

ANTHONY D'ALESSANDRO CEO & Founder - Head of Treasury / Credit

LINO PELACCIA Executive Director & Business Development

CHRISTOPHER DÉSIÉ Treasury Funding & Investor Relations

ROSS PALMINGTON Mortgage Administration Manager

SELENA KHOO Head of Investor Relations

NATALIA D'ALESSANDRO Head of Marketing

MICHAEL SAVOIA Project Manager at Mavenstone
/ APM External Consultant



CONTACT US

**LOOKING FOR
PROFESSIONAL
GUIDANCE ON
ACCESSIBLE INVESTMENT
OPPORTUNITIES?**

*Feel free to reach out to our APM team
for further details or assistance.*

*We are here to support you and provide
guidance whenever you need it.*



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