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Monark High Yield Debt Fund – Series 2 Quarterly Investor Update

30 September 2024

Please Note

Information contained in this investor update

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Dear Investor

Welcome to the fifth quarterly update for the Monark High Yield Debt Fund (the Fund, Series 2).

Executive summary

The Fund's portfolio is now fully established and continues to perform strongly, providing investors with an Internal Rate of Return - from inception to reporting date - of 15.2% per annum.

Three new facilities were added to the Fund's portfolio: Wanda Terraces, Caulfield North, The Carlile, Armadale, and Underbank Estate, Bacchus Marsh. As usual, we provide further details for each project later in this update.

We expect to make the Fund's first distribution during the quarter ending 31 December.

As has been the case for several quarters, we continue to remain of the view that today's financial markets are characterised by unsustainable drivers and, whilst many have recorded all-time highs, are best described as "fragile" rather than "strong". We expand on this thinking in the *Investment Environment* section of this update, exploring the link between increasing aggregate debt and the key driver of financial markets, corporate earnings. We explain this is unlikely to be sustainable which casts doubt over future returns from traditional investment markets.

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

Investment environment

Few investors appreciate the influence the substantial global credit growth of the last few decades has had on the performance of financial markets, and in turn, portfolio returns.

New credit boosts corporate earnings. And rising earnings boost security prices.

There is now increasing doubt whether credit can continue to expand at this pace. For investors, the consequences of any slowdown should be front of mind.

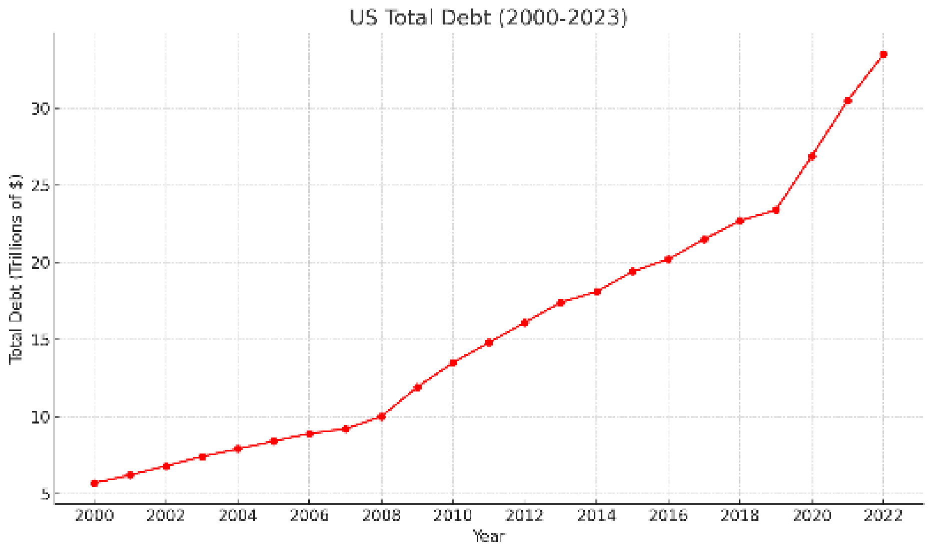
Let's first explore why credit is rocket fuel for corporate earnings

Think back to the heady days when you got your first credit card. Suddenly your buying power was much greater than the paltry income you received from the odd jobs you held whilst working your way through uni. Suddenly you could afford new clothes, better restaurants, a longer holiday. Sadly, this expansive lifestyle soon came to an end when you hit your limit. Your focus then switched to avoiding punitive interest costs and living a more circumspect lifestyle.

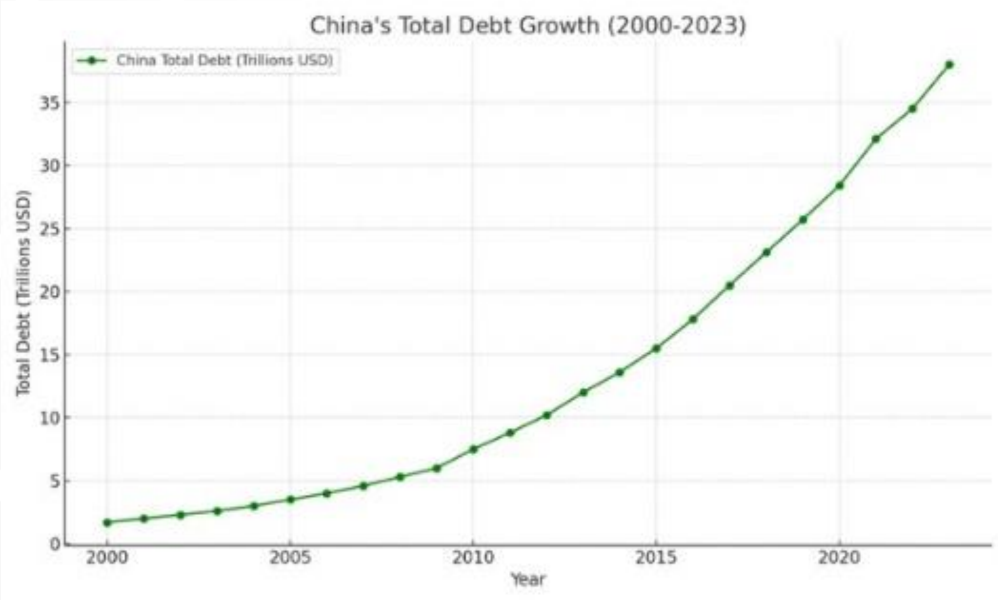
Such is the burden of the private sector. But not so government… until (perhaps) very recently.

For most of this century almost every government has jettisoned the notion of a balanced budget. Fiscal deficits attract little comment. In fact, the electorate has learned that deficits equalled handouts, and rewarded government profligacy rather than restraint. The state of Victoria is a living, breathing (wheezing?) example.

To get a sense of this largesse, and acknowledging that a picture paints a thousand words, take a look at the growth of debt in the world's two largest economies (the United States and China). And if you think we are cherry picking, the third (Japan) is even worse.



QUARTERLY INVESTOR UPDATE



The graph on the previous slide tells us that from the founding of the Republic in 1776, US federal debt took 224 years to grow from zero to just over five trillion dollars at the dawn of the 21st century. In the last 24 years that debt *has grown 7 times* to stand at around $35 trillion today.

Obtaining Chinese debt data is more difficult. We've consulted ChatGPT to obtain an aggregate of both public and private sector debt. The numbers show an even more rapid accumulation than the profligate USA. This makes sense as the country was arguably under-borrowed in the year 2000 and has rapidly industrialised in the last two decades.

And before any sharp reader objects to us simply focussing on debt and not debt relative to the economy itself (akin to your credit card balance versus your take home income), rest assured that the growth of debt against GDP has also been rapidly escalating.

Now, here's the key point.

On an aggregate demand level, new credit is someone's income, but no-one's expense.

This is a concept seldom appreciated. But is vital for understanding today's muscular earnings, and why they are likely unsustainable.

Imagine there was no such thing as a credit card (or credit itself). Our expenditure would be limited to our income. And our income (whether salary, rent, dividend, or interest) *is paid by someone*.

However, when using your credit card for the first time (i.e. new credit), your payment is someone's income (e.g. that fancy restaurant), *but no-one's expense* (originating neither from your salary nor any investment income).

The problem with your credit card is that once you've hit your limit this stops. Sure, you can still use it as a payment mechanism. But you no longer play your role in the creation of what we can call *excess profits*. Your income now goes to pay down your credit card balance so that you can continue to use your card for payment. But, absent an increase to your limit, you are not creating any new credit.

This "problem", until recently, did not seem to apply to the public sector. There seemed to be no limit to what states and governments could borrow. It got even better when interest rates fell to around zero. In fact, some public issuers were borrowing at *negative rates*.

A nutty economic doctrine called Modern Monetary Theory shrugged of its straight jacket and started to gain some credibility (particularly amongst academics and bureaucrats). MMT suggests that a government in concert with its central bank has unlimited spending power as it can simply print more money or access unlimited credit.

The MMT mindset gained traction, and the US deficit ceiling was regularly raised – first with great howls from the opposition. And then simply with a shoulder shrug.

Linking these points together:

1. New credit boosts aggregate earnings: each dollar of new credit is someone's revenue, but no-one's expenditure.

2. In almost all countries, there has been an unprecedented growth in new credit, especially in the public sector.

3. The earnings of the private sector (which includes listed corporations) have been *the* major beneficiary.

QUARTERLY INVESTOR UPDATE

Why should this be of any concern to investors?

Governments, corporates, and investors have grown used to the rocket fuel provided by enormous quantities of new debt. And, indeed, the party would continue if it weren't for several new developments that threaten its sustainability. Specifically, the reemergence of inflation, the cost of sustaining such a substantial amount of debt, and a buyer's strike. All three pose a challenge to the continued issue of debt at the rate of the last few decades.

Let's elaborate briefly on each point.

1. Inflation

One would have expected the creation of so much new credit to have produced much higher prices. Yet inflation remained muted over much of the post 2000 period, only flaring in 2021. Decades from now historians will do a better job at analysing this anomaly. But here are two possible reasons for this delay:

- The deflationary impact of technology. The timing was perfect. The inflationary impact of credit growth at the start of the century neatly coincided with the significant productivity gains introduced by the digital, dotcom era.
- The deflationary impact of globalisation. The inflationary impact of credit growth at the start of the century neatly coincided with the rise of low-cost China as the world's manufacturer of most things.

It seems that these two tectonic developments would have ushered in a period of falling prices (deflation), but instead were neutered by the inflation of rapidly growing debt.

Whilst technological advancements are still productivity enhancing, the impact is now less. This may be reversed by broad adoption and utilisation of Artificial Intelligence. But this is not a given.

Geopolitics has prompted globalisation to give way to onshoring. Politicians and business leaders have come to realise that relying on a possible future enemy as a supplier of important products is not an option. Same goes for the potential of disrupted logistics lines.

The two key drivers of deflation will most likely no longer be able to contain future inflation pressures.

Higher inflation rates may well limit future credit creation.

QUARTERLY INVESTOR UPDATE

2. The cost of debt

Whilst interest rate cuts have commenced in many economies, we should realise that absent a depression, it is unlikely we'll ever see the lows of the post GFC period. Zero interest rate policy distorted pricing, resulted in poor investment decisions, polarised society (those with assets strongly benefiting from the elevated prices provided by lower discount rates), and provoked the greatest accumulation of (arguably) unproductive debt.

Rates may go lower. But even at lower rates, servicing such an enormous amount of debt hurts. In 2023, US military spending was greater than the next ten biggest spenders (Econofact). Frighteningly, the US interest bill (on just its federal debt) is now higher than its total military spending (Congressional Budget Office).

The cost of debt may well limit future credit creation.

3. Buyers' strike

New debt needs to be funded. Until recently China and Japan were significant purchasers of US government debt. China is not only not buying new debt but has turned seller. Japan's enthusiasm is on the wane.

There are many reasons why the appetite for public debt is being rethought. Some include the weaponisation of the US dollar, the perceived (actual) profligacy of many governments resulting in higher and higher debt issuance and debt levels, and the concern that inflation has not been tamed and therefore the possibility of capital loss.

Stanley Druckenmiller is one of Wall Street's most legendary figures. His track record is exceptional, having delivered an average investment performance of 30% per annum for thirty years. He has never had a negative year.

What's Stan's highest conviction trade today? Shorting US government debt.

The absence of motivated buyers may well limit future credit creation.

Just like a teenager learns the hard way that their new credit card has a cap, governments are now learning that their own credit issuance has a limit.

There is already evidence of a cool wind starting to blow in public debt markets. Commentators are scratching their collective heads following the recent 0.5% cut made by the US Fed. Rather than a general retreat in all interest rates along the yield curve (i.e. from short rates to longer rates), longer rates have actually *increased*.

Conclusion

There is every likelihood that one of the main drivers behind corporate earnings, and thus the prices of many investment assets, is fading.

It is likely that we are now in the twilight of the great debt era. Confidence in this paper is ebbing. And, of great importance to investors, the fuel that this has provided to growth assets via unsustainable earnings will similarly retreat. As will prices.

A possible sanctuary

Quality private debt, whilst not immune to material changes in the investment environment, should offer investors some sanctuary. The performance of this asset class is not driven by earnings, but by the quality of the counterparty and the strength of underlying collateral.

A deteriorating environment will affect some counterparties and will reprice some security assets. However, experienced management can mitigate this and appropriate loan to value ratios provide headroom.

More so, financiers like Monark are sufficiently small and nimble to cherry pick opportunities, rather than rely on general market movements. In every past serious financial dislocation, there have been pockets of stability. This is where we look to operate and to create value for our investors.

Fund notes

The Fund’s portfolio is now fully established and continues to perform strongly, providing investors with an Internal Rate of Return of 15.2% per annum.

As at 30 September 2024, the Fund has a value of $40.4 million, $37.7 million of this is investor capital and $2.7 million accrued interest. The unit value is $1.071.

We expect to make the Fund’s first distribution during the quarter ending 31 December.

Three new facilities were added to the Fund’s portfolio: Wanda Terraces, Caulfield North, The Carlile, Armadale, and Underbank Estate, Bacchus Marsh.

The Carlile, Armadale

We have been involved with The Carlile project since inception, funding both senior and subordinated debt tranches. Series 2 joined Series 1 in providing a junior funding tranche. During the quarter, a month or so after the Fund invested in the facility, the developer associated with the Carlile project committed an act of default in terms of our Facility Agreement. To ensure the continued smooth progress of the project, we decided to take control and have appointed a Receiver. Construction is well advanced, the development is well presold, the facility’s fundamentals are sound, and we expect our facility will perform as originally projected. We communicate this in the interests of transparency, not because we have any concerns with our position.

Looking ahead

The strategy behind the High Yield Debt Fund Series continues to deliver exceptional risk-adjusted returns for investors. As described above, Series 2 is now fully established in a diversified portfolio of 15 projects.

Series 1 is now well into its mature phase, with circa 53 cents per unit expected to be returned before the end of the year.

With Series 1 and Series 2 now fully deployed, and with a number of attractive mandates concluded by Monark's property origination team, we made the decision to launch Series 3. Information Memorandums were issued on 15 October with the offer period closing on 31 October. Series 3 will commence investing on 15 November. We expect a strong start having already assembled a high-quality seed portfolio comprising eight different projects.

As described in the Investment Environment, we are of the view that major financial markets remain fragile, are arguably materially overvalued, and have been boosted by non-sustainable drivers. We believe we are now late in the bull market cycle and that the fabulous returns enjoyed by equity investors are unlikely to be maintained in the years ahead.

The current environment generally favours debt. But just like there were winners and losers in the equity and property bull markets, there will be both great and lousy investments in debt.

We believe that our niche, private debt secured against Australian real estate, *originated and managed by considered and experienced management*, will prove profitable and constructive for investors.

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

Key Metrics

$37.7M

Capital called

100%

Percentage capital called of total capital committed

15

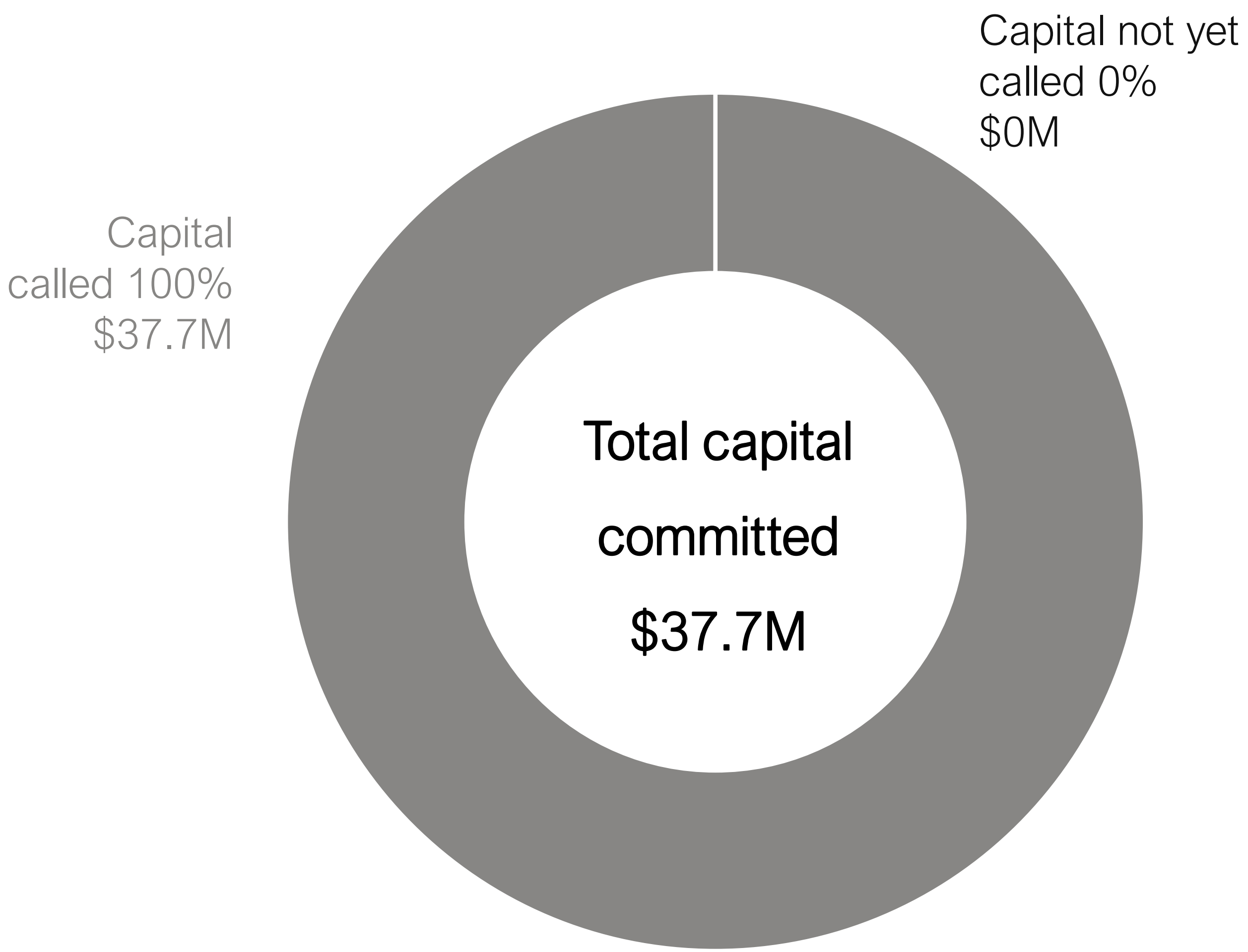
Number of portfolio investments

15.2%

Annual Fund IRR (net of fees and costs) from inception, 1 August 2023 to reporting date, 30 September 2024

Fund Capital

	Fund	Per unit
Total capital committed	$37.7M	$1.00
Capital movements		
Capital called – 1 July 2024	$23.0M	61c
Capital called during current quarter	$14.7M	39c
Capital repaid during current quarter	-	-
Net Fund capital – 30 September 2024	$37.7M	100c
Capital not yet called	-	-



Fund Performance

The Fund’s net IRR from Inception to Reporting Date is 15.2%.

	Fund	Per unit
Capital called	$37.7M	100c
Capital repaid	-	-
Net Fund capital	**$37.7M**	**100c**
Net income distributed	-	-
Net income accrued	$2.7M	7c
Total net income	**$2.7M**	**7c**
Annual Fund IRR from inception (1 August 2023) to 30 September 2024 [1]	**15.2%**	

1 The Fund’s final IRR will be determined after the repayment of all transactions in its portfolio.

Detailed Investor Cashflows

Capital called

Date	Cents per unit
1 August 2023	12c
19 December 2023	15c
24 January 2024	15c
14 June 2024	19c
2 August 2024	39c
Total capital called	**$1.00**

Fund distributions

Date	Cents per unit
Total distributions paid*	**0**

*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. Investors will be provided with an Annual Tax Statement, which we expect to issue within 60 days of financial year end.

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Unit Value

	Fund	Per unit
Net Fund capital	$37.7M	100c
Net income accrued	$2.7M	7c
Net asset value	**$40.4M**	**$1.07**

QUARTERLY INVESTOR UPDATE

Series 2 Portfolio as at 30 September 2024

Facility	Amount deployed	Weighting
1. Underbank Estate, Bacchus Marsh VIC	$4.9M	14%
2. Land Subdivision, Deanside VIC	$4.6M	13%
3. Kallara House, Parkdale VIC	$4.3M	12%
4. The Wickham, Highett VIC	$3.3M	10%
5. Murray Street, Perth WA	$2.9M	8%
6. The Watson, Essendon VIC	$2.3M	7%
7. Bridport Street, Albert Park VIC	$2.2M	7%
8. Alicia Street, Hampton VIC	$2.1M	6%
9. Como Parade, Parkdale VIC	$1.8M	5%
10. Whitehorse Road, Deepdene VIC	$1.6M	5%
11. Point Nepean Road, Rye VIC	$1.6M	5%
12. The Carlile, Armadale VIC	$1.5M	4%
13. Cove, Coogee NSW	$0.8M	2%
14. Lakeside Estate, Greenvale VIC	$0.5M	1%
15. Wanda Terraces, Caulfield North VIC	$0.4M	1%
	$34.8M	100%

PORTFOLIO REVIEW

Underbank Estate, Bacchus Marsh

174 Mortons Road, Bacchus Marsh, VIC

Funding provided to refinance an existing Monark senior debt facility, for the construction of stages 21-24 and S901 (147 lots) and estate related works. Monark Group has also funded the senior loan for this project.

Key Information:

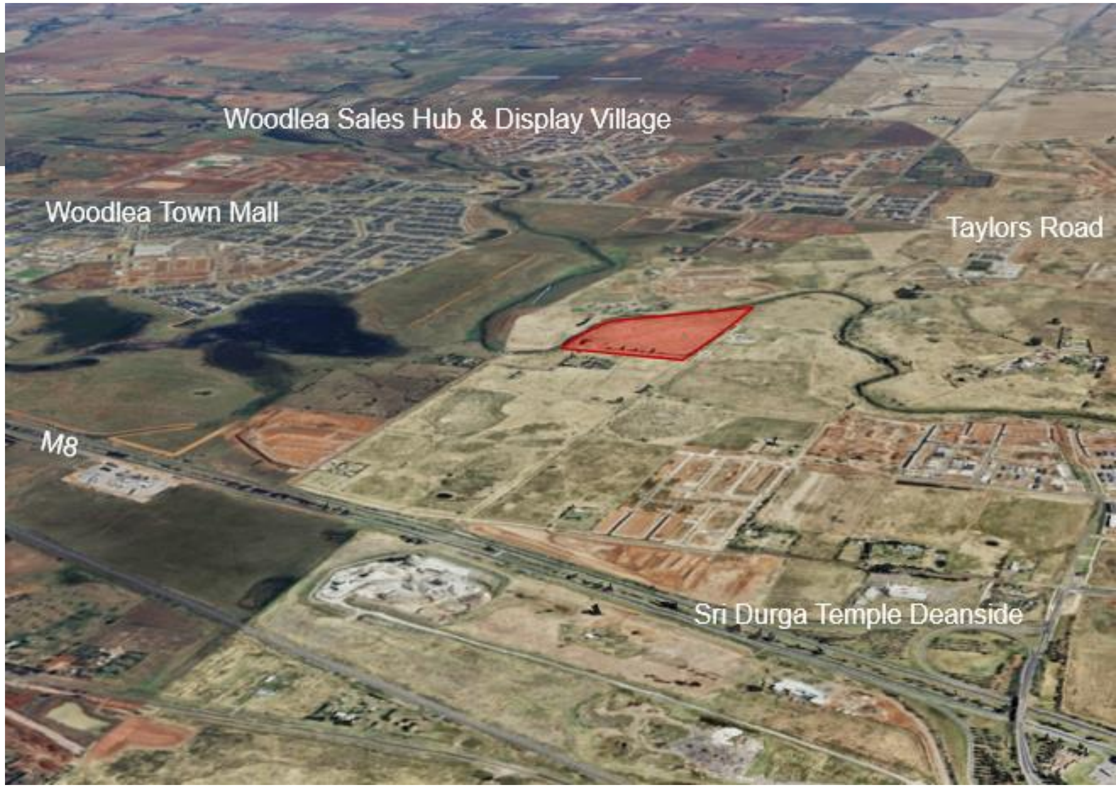
Developer	Kataland
Builder	Winslow
Current Fund Investment	$4.9 million

Project Update

- In 2010, the Borrower acquired a 176 ha englobo site, which was approved for a master planned community comprising up to 1,200 lots over 40 stages, as well as communal amenities including sporting facilities, community clubhouse, town center, and parks.
- To date, 432 lots have been delivered, 265 of which Monark has financed over the last 4 years.
- Of the 147 lots available in stages 21-24 and S901, 120 lots have been sold of which 90 are deemed qualifying. This demonstrates the continued strong market acceptance of (and demand for) Underbank Estate lots.

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	Solovey
Current Fund Investment	$4.6 million

Project Update

- Financial close took place in February 2023.
- The developer has now engaged a majority of the consultant team via competitive tender.
- The town planning application is currently with Melton City Council for review.
- Council has requested for a CHMP to progress town planning application.
- After an extended period of negotiation, the Developer has completed a complex 'cultural heritage test results' meeting with Wurundjeri HQ and is in the process of submitting a final CHMP to Council.

PORTFOLIO REVIEW

Kallara House, Parkdale

127 – 137 Como Parade East, Parkdale VIC

A facility to fund the construction of a residential apartment building comprising three levels plus a rooftop, designed by Warren and Mahoney Architects. The project includes a mix of thirty-three (33) one, two, and three-bedroom apartments, and a single level basement car park accommodating 49 cars.

Kallara House is located close to the Parkdale train station and retail precinct, and a short walk to Parkdale beach. The sponsor, Lowe Living, is one of Monark's key developer partners.

Key Information:

Developer	Lowe Living
Builder	Lowe Create
Current Fund Investment	$4.3 million

Project Update

- Since settlement of the land facility in December 2023, the developer has secured 16 unconditional presales (representing 49% of the units and 47% of the value).
- A fixed price construction contract has been executed with Lowe Create (an affiliate of Lowe Living).
- The piling and shotcrete works are underway, and basement excavation is approximately 80% complete.

PORTFOLIO REVIEW

The Wickham, Highett

248 Wickham Road, Highett VIC

A facility to fund the pre-development and construction costs of an industrial redevelopment in Highett, Victoria. The Property sits within an established and proven industrial and commercial precinct.

The Project includes construction of 17 industrial warehouses, two showrooms and a refurbished commercial asset, to be developed across two stages.

Key Information:

Developers	Bridport Projects and Unified Property Services
Current Fund Investment	$3.3 million

Project Update

- Financial close occurred in December 2023.
- A soft-launch marketing campaign commenced in December 2023. Three unconditional sales on the strata warehouses have been secured at prices above the original feasibility.
- A lease with the anchor tenant, Animal Emergency Centre, was signed in May 2024 which substantially underpins the project.
- Works on the refurbishment are nearing completion with remaining items being external cladding and roof works. Works are expected to reach practical completion at the end of October.
- Works on the strata warehouses is to commence in early October 2024 following receipt of the building permit.
- Monark has also provided a senior debt construction facility to fund the project, with drawdowns well progressed.

PORTFOLIO REVIEW

Murray Street, Perth

503 Murray Street, Perth WA

A facility to assist with the acquisition, refurbishment and leasing of a modern office building located at 503 Murray Street, Perth. The property has large floorplates, four lifts and a five-star NABERS rating (only one of three in Perth), presenting an attractive location for both government and ASX-listed tenants. The property's owners will refinance the Monark facility with bank debt once leasing has achieved set milestones.

The loan represents a discount of 50% to replacement cost in a market where the vacancy rate for A-grade buildings of this quality remains tight.

Key Information:

Owner	A syndicate managed by Properties & Pathways
Current Fund Investment	$2.9 million

Project Update

- Financial close occurred in August 2023.
- The owner strategically acquired this A-Grade office asset as a value repositioning play.
- Major fitout works on level 6 (top floor) were completed in December 2023 with minor works undertaken throughout Q1 2024. A final clean was completed in March 2024.
- The refurbishment of the lobby and EOT (end-of-trip) facilities were completed in April/May 2024.
- With all lobby and EOT works now complete, the Property is now being actively marketed for leasing by property co-agents Sterling Property and Cushman Wakefield.
- All conditions on the Heads of Agreement with a Government agency for a seven-year lease for approx. 679 sqm (Level 1) has been met. A Lease is expected to be signed in October.
- There are currently six other leads being actively pursued.

Completed level 6 break-out area

Completed lobby works.

PORTFOLIO REVIEW

The Watson, Essendon

995 - 1001 Mt Alexander Road & 1 Thorn Street, Essendon VIC

A facility to assist with the construction of a six-level building comprising 37 residential apartments and two retail shops over a two-level basement. The project is sponsored by an experienced developer with a track record of successfully delivering high-end residential developments in Victoria. The Watson targets owner-occupiers and is well positioned for downsizers in the Essendon/Moonee Ponds locality – evidenced by the high proportion of current purchasers who reside in the area.

Key Information:

Developer	Kincrest
Builder	Ireland Brown
Current Fund Investment	$2.3 million

Project Update

- Financial close occurred in January 2024.
- Procurement of trades is approximately 90% complete.
- The structure is complete, and the tower crane has been removed in the last period. Services rough-ins have commenced throughout the basement and lower levels with internal partition framing underway through level three.
- Construction works are currently slightly ahead of program.
- 25 apartments, representing 69% of total residential stock, and one retail shop, have been presold. In addition, the remaining retail tenancy is underpinned by an executed Agreement for Lease with a leading suburban grocery chain.

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	$2.2 million

Project Update

- A planning permit application was submitted in December 2022.
- A VCAT application was submitted in March 2023, resulting in the securing of a planning permit in May 2024 for a four-level building.
- The developer, working with architects Cera Stribley, has reconfigured the scheme to re-instate the fifth level without compromising the approved building envelope.
- Following receipt of the endorsed plans based on the current permit (expected in October 2024), the intention is to apply for a Section 87A (Amend a Permit) via VCAT.
- The last of the three sites settled in September 2024. Monark has provided a new Senior Debt Facility for the amalgamated development site.

PORTFOLIO REVIEW

Alicia Street, Hampton

31 – 35 Alicia Street, Hampton VIC

A preferred equity facility to assist with the development and construction of a four-level, 32 apartment residential building designed by renowned architects Cera Stribley.

The project, to be developed by Lowe Living, will be built over a two-level basement car park with 63 resident parking bays and six visitor bays.

Key Information:

Developer	Lowe Living
Builder	Lowe Create
Current Fund Investment	$2.1 million

Project Update

- The developer secured the aggregated site in March 2024 via an off-market purchase.
- Settlement of the site is due in November 2024 and the developer has secured senior debt funding for the land.
- The developer has submitted the Town Planning application and is working with the Council and neighbours to achieve an agreeable outcome, expected in late November 2024.

PORTFOLIO REVIEW

Como Parade, Parkdale

152 Como Parade, Parkdale VIC

A preferred equity facility to assist with the development and construction of around forty-five (45) unit apartment project designed by multi award-winning architects, Jackson Clements Burrows.

The apartments are proposed to be built over a single level common basement providing 78 traditional car bays. The Developer for the Project is Lowe Living.

Key Information:

Developer	Lowe Living
Builder	Lowe Create
Current Fund Investment	$1.8 million

Project Update

- The developer secured the property through a 5% split deposit in November 2023.
- Settlement of the property is scheduled for December 2024 and the developer has secured senior debt funding for the settlement.
- The developer has also received a planning permit for the project through a compulsory mediation process with the Council (4 months ahead of schedule) and is currently preparing for an imminent marketing launch of the project.

PORTFOLIO REVIEW

Whitehorse Road, Deepdene

18 – 30 Whitehorse Road, Deepdene VIC

The Property is located in a desirable location within the affluent suburb of Deepdene. The facility will fund the development of a mixed-use building comprising a health club, retail space, residential hotel (20 serviced apartments), 25 dwellings, and a two-level basement.

Key Information:

Developer	APH Holdings
Current Fund Investment	$1.6 million

Project Update

- Financial close occurred in December 2023.
- A planning permit was received for the development of a mixed-use building, comprising a health club, retail, residential hotel, and dwellings.
- The client has signed an exclusive agent authority to sell the property. Sales proceeds from the sale will be applied to the repayment of the facility.

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	$1.6 million

Project Update

- Land for the project was settled in October 2022.
- A planning permit for the project was received in November 2023 and the project was launched in late December 2023.
- Post launch, the developer has sold four units out of 20.
- The developer has entered into an ECI (Early Contractor Involvement) process with a preferred builder and has received a firm trade-backed quote.
- The developer is working towards a late December / early January 2025 construction start.

PORTFOLIO REVIEW

The Carlile, 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, Vzug 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	$1.5 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 five of the nine apartments and for both retail units.
- Design is complete with documentation required for Stage 4 – a final building permit and secondary consent documentation - now approved by council.
- The concrete structure is complete, and the tower crane has been removed. Window installation is complete, and the building is watertight.
- Internal wall framing is primarily complete on all levels and plasterboard installation is underway on levels 2 and 3 with lift installation scheduled for October.
- As detailed in the Fund Notes earlier, Monark has appointed a Receiver and taken control of this project, following an act of default by the borrower. We expect our facility to perform as originally projected.

PORTFOLIO REVIEW

Cove, Coogee

76 Bream Street, Coogee NSW

A facility to assist with the acquisition and construction/refurbishment of a circa 1960s built four-level residential building comprising eight apartments. The property is located in a highly desirable location, 200m from Coogee beach.

Key Information:

Developer	Willow Group
Builder	Twentythree Projects
Current Fund Investment	$0.8 million

Project Update

- Financial Close occurred in February 2024 to assist with settlement of the Property.
- The builder commenced on-site works in June 2024 via an Early Works Agreement. A formal construction contract was executed on 17 July 2024.
- Procurement is approximately 60% complete with the builder self-performing much of the work including joinery fabrication and installation.
- Demolition is primarily complete along with the removal of the conservatory at the rear of the building. The existing internal finishes have also been stripped back to structural elements.
- Earthworks have commenced at the rear of the building.
- Practical Completion for construction is expected in December 2024.

PORTFOLIO REVIEW

Lakeside Estate, Greenvale

690 Somerton Road, Greenvale VIC

A land subdivision project on a 2.02 ha parcel of land located close to the Roxburgh Park railway station, established shopping centres, and schools. The facility will be applied to civil works to enable the subdivision of the property into 39 residential lots.

Key Information:

Developer	Solovey
Current Fund Investment	$0.5 million

Project Update

- Financial Close occurred in December 2023.
- Pre-sales of 35 out of 39 lots made available for sale have been concluded, demonstrating strong market acceptance.
- All earthworks and services works have been completed and tested. Practical completion has been provided.
- Various inspections and tests are underway to achieve a Statement of Compliance from each authority.
- A Statement of Compliance from Jemena has been received.

PORTFOLIO REVIEW

Wanda Terraces, Caulfield North

14-16 Hawthorn Road, Caulfield North, VIC

Funding provided for the construction and development of a four-level building, incorporating 24 apartments over two levels of basement carpark. The project is designed by Ewert Leaf to a high level of finish and comprises a mix of two- and three-bedroom configurations. Monark Group has also funded the senior loan for this project.

Key Information:

Developer	Platinum
Builder	Iurada
Current Fund Investment	$0.4 million

Project Update

- Construction commenced in July 2024.
- Procurement is approximately 70% complete and the builder is primarily using known subcontractors.
- The piling and shotcrete works are underway, and basement excavation is approximately 70% complete.
- Currently 11 unconditional sales out of 24 units have been secured. Sales enquiry has been strong since construction commencement.

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