



Banner Asset Management – Fund Presentation

Executive Summary



Why Australian Real Estate Debt?

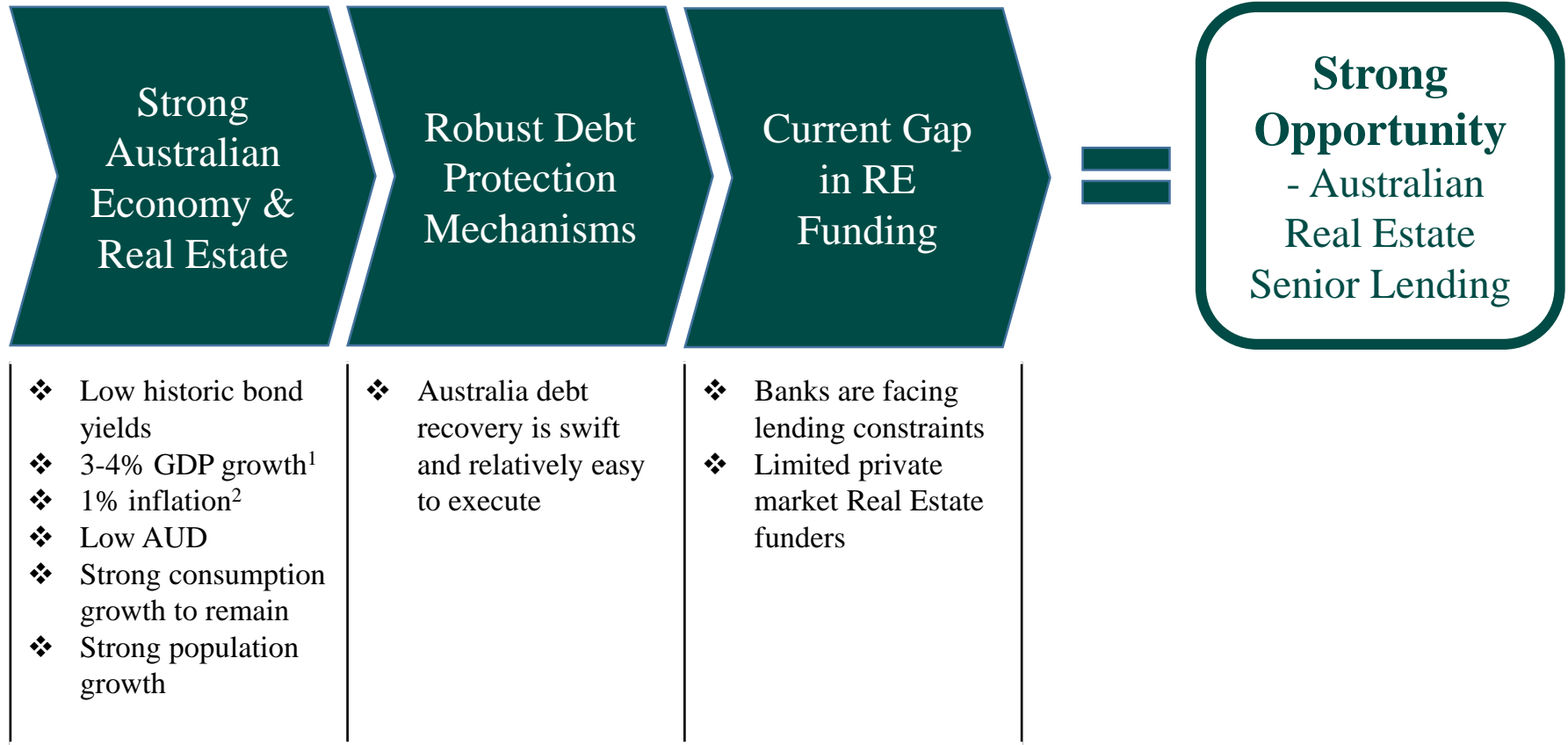
Governance & Transparency	Australia is second in the global rankings for real estate transparency ¹ via its strong legal framework that defines and protects property rights
Stable Real Estate Financing	Australian banks are consistently ranked amongst the safest in the world and they have historically maintained relatively low loan to value ratios against real estate.
Opportunity	Increasing bank regulation and heavy exposure to real estate is causing Australian banks to decrease real estate financing. This is creating significant long term opportunities for private real estate lenders.
Limited Private Credit	Australian capital markets have historically had a strong reliance on bank finance with relatively few private players in comparison to other developed markets.

Why Banner?

Experience	Since 2013 the Banner group has financed, invested in and managed 25 real estate transactions, providing in excess of \$409mln of capital across real estate assets ² .
Market Connections	Banner is recognised within the Australian real estate market as a lender who can provide quality financing via its ability to execute with speed, surety of execution and where necessary confidentiality
Capital Preservation	A focus on capital preservation via quality deal security, covenants and protection mechanisms

¹ JLL Transparency Index – Jul 2016. ² data as of Nov 16

The Opportunity



¹ 2018 forecast - Statement on Monetary Policy, August 2016, Reserve Bank Australia

² Australian Economy Snapshot, 5 October 2016, Reserve Bank Australia

The Australian Property Market



- ❖ Historically supported through strong population growth
- ❖ Recent population growth (Australian Bureau of Statistics)
- ❖ June 2000: 19.2m
- ❖ June 2005: 20.3m
- ❖ June 2010: 22.3m
- ❖ June 2015: 23.8m
- ❖ By 2061 the population is projected to reach, based on high and low assumptions, between 36.8m and 48.3m people
- ❖ Growth is projected to concentrate on the Capital cities, rising from about 66% of the population now to about 73% by 2061. Sydney and Melbourne are expected to be biggest beneficiaries of this growth
- ❖ **Strong population growth continues to drive demand for the development of housing stock in Australia's major cities – as well as a need for more business, commercial and retail property to support this growth**

Who has traditionally funded this development?



- ❖ The big four Australian commercial banks have dominated the market; Westpac, ANZ, CBA and NAB
- ❖ Australian second tier and regional banks; St George, Bank of Queensland, Bank West etc.
- ❖ Foreign banks with Australian businesses
- ❖ Private lenders; hedge funds and private mortgage funds

The lending landscape has changed since the Global Financial Crisis



- ❖ Local banks are facing ever increasing capital requirements, both international and domestic, to increase their reserves and capital position. This has particularly affected the big four commercial banks, but has meaningfully reduced the capacity of smaller bank lenders too
- ❖ Most of the key foreign bank lenders had to withdraw from, or drastically downsize, the Australian lending operations due to global constraints, or in some cases collapses in their home markets (eg. HBOS)
- ❖ Fewer mortgage funds now exist following government guarantee of bank deposits and increased regulation around this market
- ❖ **These changes have led to significant opportunities for private lenders and credit funds, in a marketplace where demand for funding is extremely strong**

About Banner Asset Management



- ❖ An Australian based fund manager focusing on structuring and the funding of solid credit / mortgage opportunities in real-estate
- ❖ Experienced manager with a proven track record of delivering superior returns to both institutional and public investors
- ❖ A strict selection process means we only support the best assets in their class, always backed by a strong security package
- ❖ Return to investors: IRR on invested cash between 12% to 18% - although higher on occasion, depending on the risk profile
- ❖ Typically, first mortgage security with full recourse to Sponsors
- ❖ Loan to value (LTV) ratio typically limited to less than 75%

About Banner Asset Management



- ❖ Not a co-mingled investment: investors choose and know exactly which asset they are invested in. Investors have the chance to approve each individual investment before investing. For additional investor security, individual investors can be named alongside Banner Asset Management on the underlying property title (wholesale fund) min \$5 million.
- ❖ No fees paid directly by the investor. The borrower pays all fees
- ❖ Assets under management (AUM): approximately AUD \$1 billion
- ❖ Managing assets in size from AUD 15 m to AUD 150 m
- ❖ Managers personally invest in most deals
- ❖ The Ebisu fund Isle of Man has 2% Management fees with investments beginning from \$25,000; the fund will invest within the Master Fund. The fund is collective mutual fund.

Our Investment Summary



- ❖ Our investment goal is to provide a credit-orientated range of investment strategies taking advantage of dislocations in the Australian market by investing across the capital stack
- ❖ Banner focuses on capital preservation, providing a non co-mingled approach to asset selection whilst generating leading risk adjusted returns
- ❖ Banner frequently co-invests either by taking a position on the credit side or by co-investing in the sponsor equity
- ❖ We target the strongest assets in our primary markets
- ❖ Banner generates and evaluates exclusive deals directly negotiated with motivated sponsors
- ❖ All investments start with detailed risk analysis. Banner does not seek to compare investment opportunities via benchmarking analysis but rather through detailed specific asset selection and risk integration techniques

Apartment Development – Eastside



- Purpose:** Funding for an 8 level residential apartment site comprising of 84 apartments and onsite parking for 75 vehicles.
- Location:** Charlestown, NSW; a vibrant retail hub servicing the Northern areas of Lake Macquarie
- Start Date:** August of 2015
- Capital Commitment:** AUD20,200,000
- Loan Duration:** 15 months
- Security:** First ranking registered mortgage on the property and personal guarantees.
- LVR:** 61.3%

Commercial/Retail Refurbishment– Albury NSW



- Purpose:** Refurbishment of an existing landmark commercial/retail building for to develop 49 new Quest Serviced apartments and new office spaces.
- Location:** Albury, NSW; one of Australia’s largest regional centres
- Start Date:** September of 2014
- Capital Commitment:** AUD12,650,000
- Loan Duration:** 12 months
- Security:** First ranking registered mortgage on the property and personal guarantees
- LVR:** 63.5%

Apartment Development – UPG Portico, NSW



- Purpose:** Portico Plaza Residential Complex – 146 apartments across 4 towers ranging between 3 and 5 storeys with 284 car parks.
- Location:** Toongabbie NSW - a high demand area of Sydney's Western growth corridor.
- Start Date:** March of 2016
- Capital Commitment:** AUD30,000,000
- Loan Duration:** 21 months
- Security:** First ranking registered mortgage on the development, second mortgage on the shopping centre and corporate guarantees
- LVR:** 43%

Deal Case Studies

Residential Land Sub-Division – New suburb – Thornhill Park, VIC



- Purpose:** Construction of Thornhill Park project, consisting of 2,500 lots. The project will become a significant part of the new suburb by the same name. The completed suburb will consist of 10,000 new homes, schools, a train station, shopping centre and supporting infrastructure.
- Location:** 30 minutes from Melbourne’s CBD, Thornhill Park is one of the largest developments in Australia.
- Start Date:** March of 2015
- Capital Commitment:** AUD106,500,000, progressive draw facility with peak debt of AUD37,125,000
- Loan Duration:** 42 months
- Security:** Registered first mortgage over the land & development site, general security deed and personal guarantees
- LVR:** 47.75% on initial capital of AUD15,759,000 on Projected Related Site Value of AUD33,000,000

Residential Construction – South Yarra, VIC



- Purpose:** The purchase and conversion of an apartment block, in inner Melbourne, into 5 luxury apartment units, with completion due in early 2017.
- Location:** South Yarra - one of Melbourne's most prestigious suburbs, located in the highly sought after Domain precinct.
- Start Date:** February of 2015
- Capital Commitment:** AUD6,466,838
- Loan Duration:** 24 months
- Security:** First ranking registered mortgage on the entire property, general security deed over all assets/interests of the Corporate Borrowers and personal guarantees.
- LVR:** 75%

Industrial Development – Campbelltown, NSW



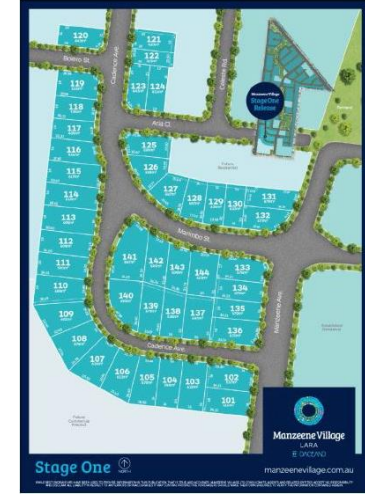
- Purpose:** Funding for the land and development of 65 commercial warehouse units, 29 of which were already developed with Banner funded the remaining 36.
- Location:** Campbelltown - a major industrial centre in greater western Sydney, 50km south-west of the CBD.
- Start Date:** January of 2015
- Capital Commitment:** AUD9,609,409
- Loan Duration:** 12 months. 20% of capital returned to investors from month 6 due to sales of some of the completed units.
- Security:** First ranking registered mortgage on the entire property and personal guarantees.
- LVR:** 69.6%

Apartment Development – Brookvale, NSW



- Purpose:** Residential construction finance for the development of ‘Venus Apartments’, comprising of 18 upmarket apartments and 2 ground floor commercial lots.
- Location:** Brookvale NSW, located 16km north-east of the CBD. A previously industrial area that is now becoming more residential to meet population growth in the Northern Beaches region.
- Start Date:** February of 2016
- Capital Commitment:** AUD9,800,000
- Loan Duration:** 15 months
- Security:** First ranking registered mortgage on the security property, general security agreement over the borrowing entity and director/shareholder guarantees
- LVR:** 70%

Residential Land Sub-Division – Lara, VIC



Purpose:

Land subdivision of 500 residential land lots.

Location:

Lara, a residential town located 18km north-east of Geelong and 58km from Melbourne CBD. Lara is part of Victoria's major growth corridor.

Start Date:

October of 2015

Capital Commitment:

AUD80,929,773

Loan Duration:

52 months

Security:

First ranking registered mortgage on the development, second mortgage on additional property, general & specific security deeds, and corporate guarantees.

LVR:

70%

In Summary



- ❖ Global capital requirements and fluctuations in credit markets have created a vacuum in the Australian marketplace
- ❖ Banner Asset Management is a proven manager and consistently delivers better than peer returns with no loss of invested capital since inception
- ❖ Counterparties are proven in terms of delivery and all sponsors have an established track record
- ❖ Conservative Loan to Values (typically sub 75%)
- ❖ Strong Security Package – including first registered mortgage security and full recourse to sponsors
- ❖ Investment is not co-mingled providing investors with an increased level of comfort and a managed exposure

Banner Asset Management – Key People



Andrew Turner, Director & CEO: Andrew has over 25 years of Global Financial Markets experience having worked extensively in Capital Markets specialising in derivative products. He has extensive banking and financial expertise and has worked in London, Tokyo and Australia with leading international institutions. In 2007 Andrew launched his own fund as an alternate investment product targeting the HNWI and Institutional Investment markets throughout Australia and Asia.

Brian Osborne, Director & COO: Brian has been involved in commercial credit markets since 1997, having worked in a lending capacity at two of Australia's largest banks. Brian was also one of the founders of an investment manager specialising in senior credit funds management and from 2005-2009 he was CEO of a specialist property debt structuring business and was responsible for the management of more than \$500 million in property and development transactions. Brian holds a Bachelor of Arts and Law and a Post Graduate Diploma in Legal Ethics from Monash University. Brian has also been a corporate lawyer at one of Melbourne's larger law firms, specialising in banking and finance securitisation.

Brett Macgillivray, General Counsel: Brett has been a partner with Melbourne legal firms for over 20 years, during which he acted for international and local banks, listed corporates, funds and private financiers. Brett specialises in finance and the funds management industry and has owned and operated managed funds. Brett holds a Bachelor of Economics and Bachelor of Laws and is a compliance officer and committee member for funds, and sits on investment and credit committees.

John Byrne, Investment Committee: John is a real estate professional with 25 years of multifaceted transaction and delivery experience as a financier, investor and developer. He is a consultant to the BAM business in addition to his ongoing external role as a director of a Melbourne based property development and advisory business. He previously held executive roles in specialist banking units in Sydney and Melbourne, originating structured debt and equity transactions ranging between \$10 million to \$130 million for numerous real estate development projects. He has held management responsibility of development loan portfolios of up to \$1.8 billion, which supported delivery of assets in the medium and high-density apartment, retail, commercial and industrial property sectors.

Banner Asset Management – Key People



Jeremy Vogler, Director, Banner Asset Management (Asia): Jeremy has 27 years' experience in the international money markets, primarily managing interest rate Options groups. Since 1989, he has been a director or senior manager throughout leading brokerage companies in Hong Kong, London and Tokyo. He has been actively investing in international real estate since 1986 and is currently a principal of Estuary LLP, a fund specialising in Argentine agricultural and construction investment trusts.

Trevor Reynolds, Managing Director, Banner (Japan): Trevor is the CEO of Banner Japan, which commenced operations in 1979. Trevor has over 25 years experience in the financial markets. Trevor was also a fund manager for the Paradigm Fund hedge fund from 1998 to 2005. In addition, Trevor was a sales director for Charterhouse Accountants (London) from 2003 to 2006, specialising in UK tax products.

Jonathan Mitchell, Director, Banner Asset Management (Singapore): Jonathan manages a high yield investment portfolio and is adviser to a number of private clients. He is also an active lender in the private mortgage market throughout Asia as well as an angel investor to numerous start-ups, while additionally having a strong focus on algorithmic trading. From 1992-2007 he held senior management positions in leading investment banks throughout Sydney, London and Tokyo primarily trading the firms interest rate and inflation derivative exposures.

David Harker, Business Development Director, Banner Asset Management (Singapore): David is a Singapore based executive with senior management experience managing multi-Billion dollar portfolios in Listed and unlisted property funds management where he was previously the CEO and Executive for Property of one of Australia's top 100 ASX listed Property Trusts. He also has extensive private equity and debt structuring experience spanning over 20 years'. This experience has been gained at companies including Colliers International, KPMG and Westpac. David also has extensive experience in commercial structuring and strategy, wealth management and investment product design.