

# METRICS CREDIT PARTNERS INCOME

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Pinnacle Insight Series  
February 2023

Metrics. A new measure.



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# METRICS CREDIT PARTNERS



## METRICS IS AN AUSTRALIAN-BASED ALTERNATIVE ASSET MANAGER SPECIALISING IN PRIVATE MARKETS WITH >\$14BN AUM



**> \$14 billion**

Current AUM across a variety of strategies



**Team of > 120**

Investment professionals in SYD, MELB & NZ



**Owned 65% by Management**

35% by Pinnacle Investment Management Group Ltd.



**Responsible Investing**

Signatory of the UNPRI & member of:

- Australian Sustainable Finance Institute,
- Climate Bonds Partner,
- Investor Group on Climate Change,
- Responsible Investment Association Australasia (RIAA),
- Asia Pacific Loan Market Association's Green & Sustainable Loan Committee, and
- Transition Pathway Initiative

### CORPORATE



### LEVERAGED FINANCE



### COMMERCIAL REAL ESTATE



### PROJECT FINANCE



# HOW CAN YOU PRESERVE CAPITAL AND MAINTAIN RELIABLE INCOME IN THIS CHALLENGING FINANCIAL CLIMATE?



**The Guardian**

Fed announces smallest interest hike in a year as inflation 'eases somewhat'

**ABC**

The risk of Australia entering recession has just risen

**ABC**

Has Australia's housing boom hit the end of the road and could it take the economy down with it?

## Investors scramble for inflation protection as worries mount

PRIVATE EQUITY NEWS

### Private equity firms reluctant to cut valuations as recession looms

**ABC**

Australians are struggling with increasing cost-of-living pressures.

**9NEWS**

Home buyers warned of 'four more interest rate hikes by August'

**TND** The New Daily

House price could fall 20 per cent as rates bite: Property prices sink 'quite rapidly' as market awaits interest rates peak

**lw** Livewire Markets

UBS: Australia's banks resilient in the face of recession



# WHAT IS PRIVATE DEBT?

## AN EFFECTIVE DEFENSIVE STRATEGY OR EQUITY MARKET REPLACEMENT?

<b>FINANCIAL CONTRACT</b>	<ul style="list-style-type: none"><li>&gt; Loans to private companies, where interest charged is predominantly floating rate and loans are typically secured (protective of lenders interests) and short in tenor (1-5 years)</li></ul>
<b>PRIVATE MARKET</b>	<ul style="list-style-type: none"><li>&gt; Private debt is typically lowly correlated to public markets and can avoid exposure to public market volatility</li></ul>
<b>MARKET SEGMENTS</b>	<ul style="list-style-type: none"><li>&gt; Corporate, infrastructure, commercial real estate, leveraged finance, structured finance</li></ul>
<b>RISK / RETURN PROFILE</b>	<ul style="list-style-type: none"><li>&gt; From investment grade to sub-investment grade and equity-like investments – returns reflect risk profile</li></ul>





# PRIVATE DEBT FOR REDUCED CAPITAL VOLATILITY



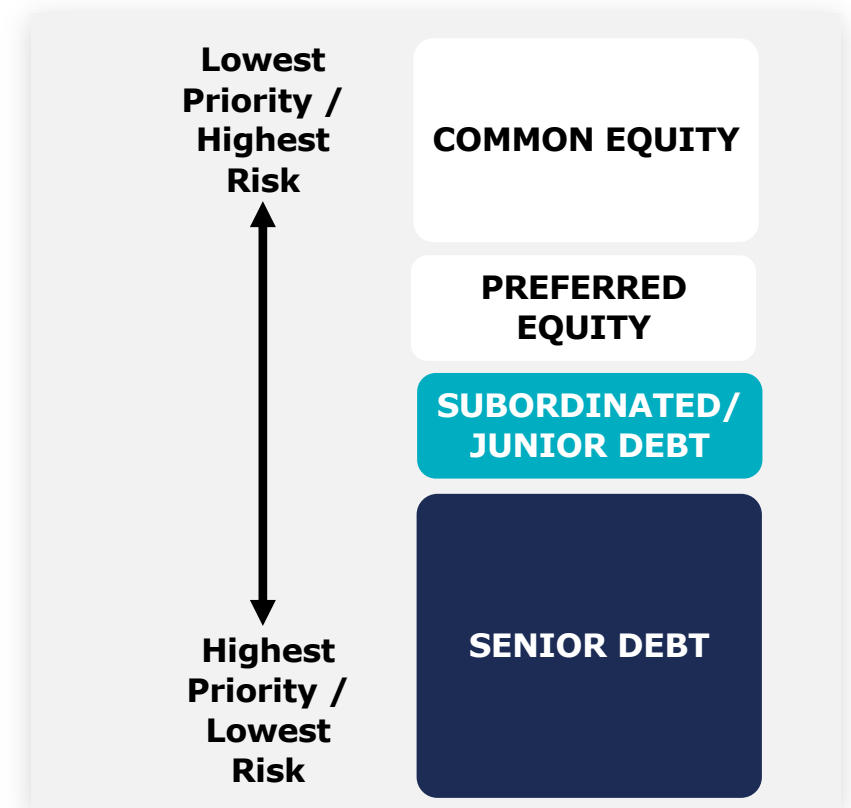
## IN AUSTRALIA, PRIVATE LENDERS BENEFIT FROM A RANGE OF PROTECTIONS

 **Structural Protections in Australia** | Australian corporate insolvency regime assists lenders to protect capital

 **Relationships with Borrowers** | Regular communication with borrowers ensures the private debt manager can more effectively manage risk

 **Financial Contracts** | Covenants are negotiated & documented in loan agreements to assist in controlling risk. These include Controls, Security, Pricing & Reporting obligations

### RANKING (FOR INTERESTS/DISTRIBUTIONS & CAPITAL RETURNS)



# PRIVATE DEBT FOR INCOME

## PRIVATE DEBT AIMS TO PROVIDE REGULAR INCOME THAT MOVES IN LINE WITH INFLATION



### Inflation Hedge

Corporate loans are typically floating rate, unlike the largely fixed corporate bond market.



### Income Generating Assets

Regular income received from interest payments made by borrowers.



### Opportunity and Diversity

Australian private loan market is diversified over industries, sectors and credit quality.

## PRIVATE DEBT FLOATING / FIXED RATE SPLIT

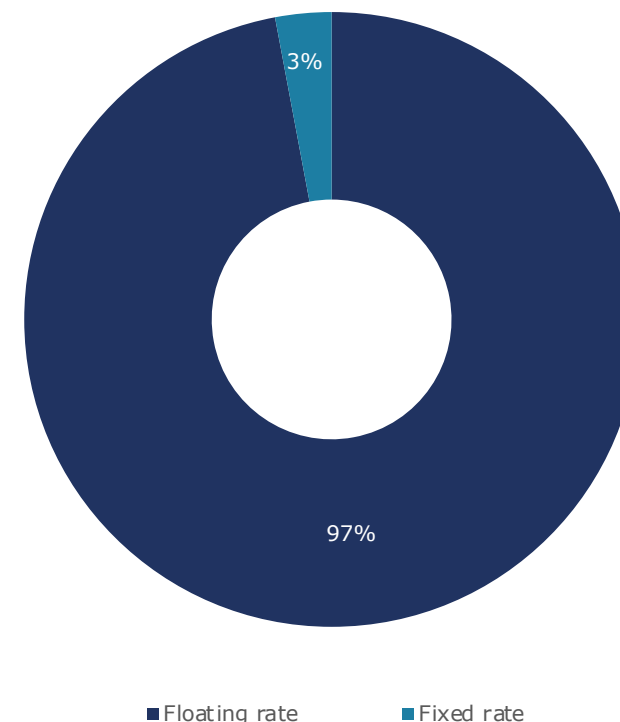


Chart uses the MCP Wholesale Investments Trust as an example of a portfolio of Australian private loans. As at 31 December 2022, the Trust contains a diversified portfolio of 309 loans to Australian and New Zealand companies. Source: Metrics.

# HOW A SKILLED MANAGER AIMS TO GENERATE CONSISTENT, RISK-ADJUSTED RETURNS



## METRICS PROCESS IN ACTION



## THE PRIVATE DEBT ADVANTAGE

- ✓ Co-operative relationship between lender and borrower helps to more effectively manage risk
- ✓ Direct origination capability enhances returns for investors
- ✓ A diversified portfolio of loans further reduces risk



## METRICS OFFERS SCALE, DIVERSIFICATION AND EXPERIENCE IN PRIVATE DEBT



### EXPERIENCED TEAM

4 Partners with ~35yrs experience supported by a strong team of >120 investment professionals.



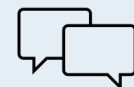
### SIZE AND SCALE

Largest non-bank corporate lender in Australia with >\$14bn AUM, means greater access to opportunities.



### TRACK RECORD

Consistent risk-adjusted returns.\*



### DIRECT ORIGINATION SKILLS

Directly originating loans allows Metrics to control the terms, set covenants etc.



### RISK MANAGEMENT CAPABILITY

Preserve investor capital through strong focus on risk management & experience of restructuring.



### RANGE OF OFFERINGS

Retail and wholesale offerings, domestic and offshore fund options for investors.



### AUSTRALIA / NZ

Advantages of Australian creditor-friendly loan environment.



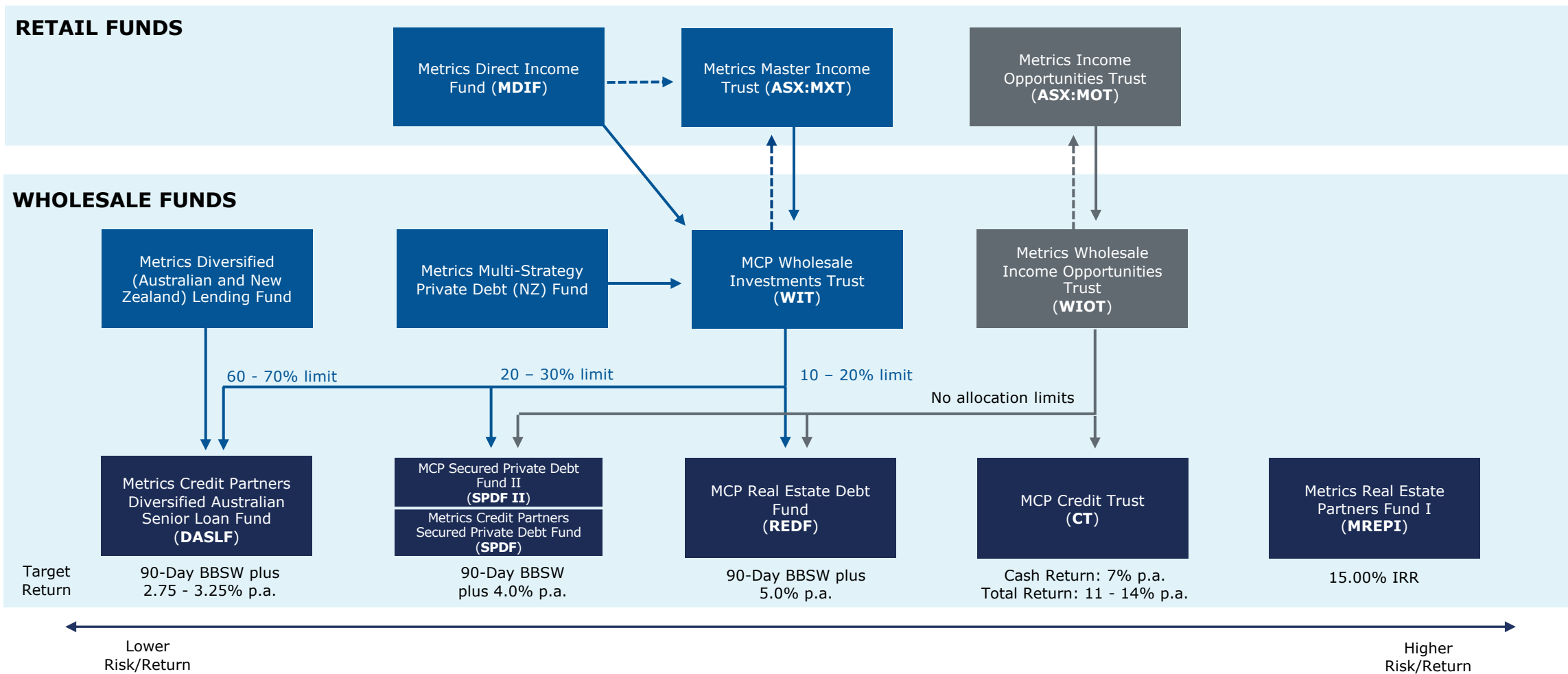
### COMPETITIVE

Competitive management fee and no or low, capped performance fee.

# METRICS FUND STRUCTURES



## PROVIDING INVESTORS UNIQUE ACCESS TO PRIVATE DEBT ACROSS THE RISK SPECTRUM



# HOW TO ACCESS PRIVATE DEBT WITH METRICS



	<b>METRICS DIRECT INCOME FUND (MANAGED FUND OPTION)</b>	<b>METRICS MASTER INCOME TRUST (ASX:MXT)</b>	<b>METRICS INCOME OPPORTUNITIES TRUST (ASX:MOT)</b>
<b>STRUCTURE</b>	Unlisted, Open-ended Unit Trust	ASX Listed Investment Trust	ASX Listed Investment Trust
<b>INCEPTION DATE</b>	July 2020	October 2017	April 2019
<b>TARGET NET RETURN<sup>^</sup></b>	RBA Cash Rate plus 3.25% p.a.	RBA Cash Rate plus 3.25% p.a.	Cash Return: 7% p.a. with upside gains Total Return: 8–10% p.a. over 3–5yrs
<b>RETURNS SINCE INCEPTION P.A. <sup>(1)(2)</sup></b>	6.44% <sup>(4)</sup>	5.29% <sup>(3)</sup>	8.59% <sup>(5)</sup>
<b>CURRENT RUNNING YIELD P.A. <sup>(6)</sup></b>	<b>8.03%</b>	<b>8.03%</b>	<b>9.66%</b>
<b>DISTRIBUTIONS</b>	Monthly	Monthly	Monthly
<b>APPLICATIONS/ REDEMPTION</b>	Monthly	Daily*	Daily*
<b>UNIT PRICING</b>	Daily	Daily	Daily
<b>HOW TO INVEST</b>	Online via the Metrics website or approved platforms	Via the ASX	Via the ASX

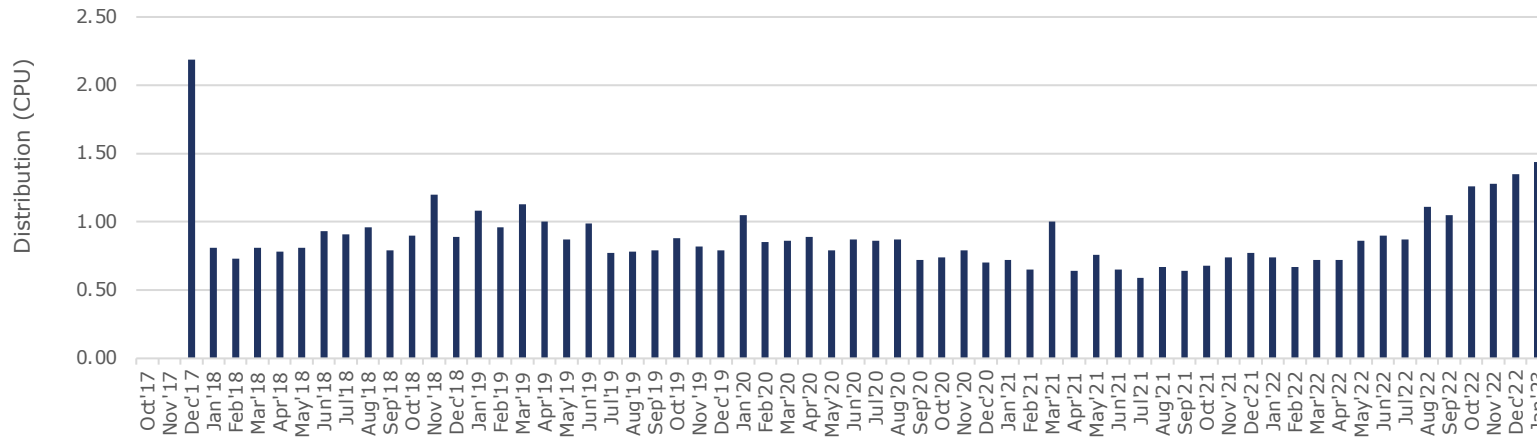
Notes: (1) As at 31 January 2023 (2) Annualised (3) IPO October 2017 (4) since inception 1 July 2020 (5) IPO April 2019 (6) Current running yields for Metrics funds are calculated as the last 12 months spread plus the current 3-month BBSW.

<sup>^</sup>This is a target return and may not be achieved. Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP). \*Subject to market liquidity.

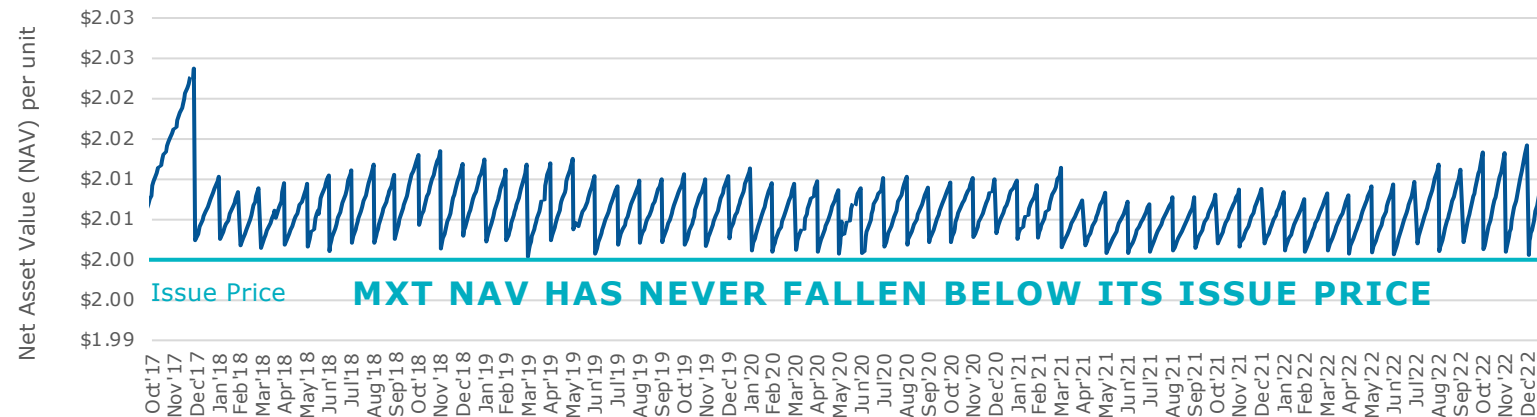
# METRICS MASTER INCOME TRUST (ASX:MXT)



## DISTRIBUTION HISTORY



## NAV HISTORY



## FUND PERFORMANCE

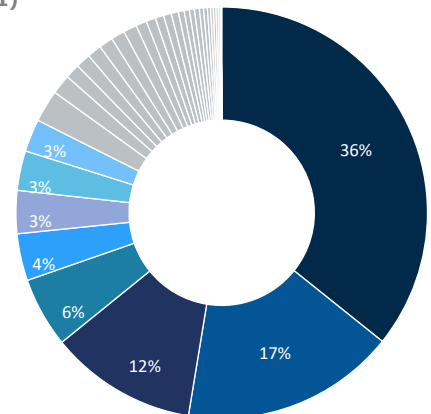
	1mth	3mth	1yr	3yr <sup>(2)</sup>	5yr <sup>(2)</sup>	Incep <sup>(2)(3)</sup>
Net Return (%)	0.71	2.03	6.26	5.17	5.30	5.29
Target Return (%)	0.54	1.59	4.93	3.97	4.24	4.29
Distribution (%)	0.72	2.05	6.29	5.18	5.33	5.29
RBA Cash Rate (%)	0.26	0.76	1.58	0.65	0.91	0.95
Spread to RBA (%)	0.46	1.29	4.70	4.54	4.41	4.34

Note: Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP). Target Return: RBA Cash Rate +3.25% p.a. net of fees

## MXT COMPRISES 309 LOANS DIVERSIFIED ACROSS INDUSTRIES & THE CREDIT SPECTRUM

### INDUSTRY ALLOCATION<sup>(1)</sup>

- Cash
- Real Estate Investment Trusts
- Real Estate Mgt & Development
- Hotels, Restaurants & Leisure
- Health Care Providers & Services
- Capital Markets
- Transportation Infrastructure
- Diversified Financial Services
- Commercial Services & Supplies
- Other



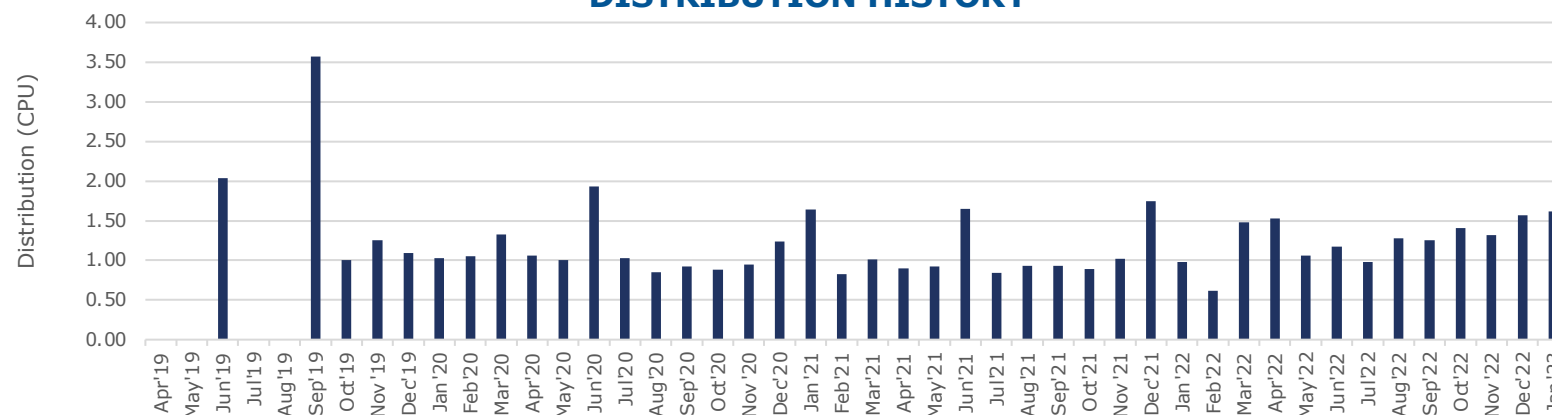
Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP).

Source: Metrics. MXT IPO October 2017, maiden distribution in December 2017 covered ~3 month period since listing. All data as at 31 January 2023. (1) MSCI and Standard & Poor's Global Industry Classification Standard (2) Annualised (3) IPO October 2017

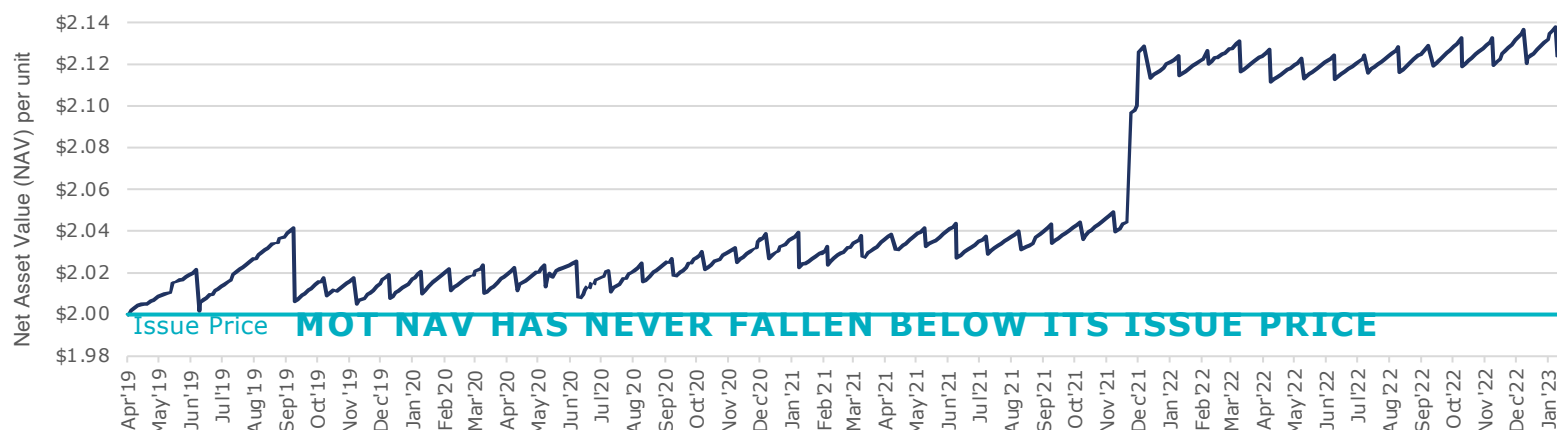
# METRICS INCOME OPPORTUNITIES TRUST (ASX:MOT)



## DISTRIBUTION HISTORY



## NAV HISTORY



## FUND PERFORMANCE

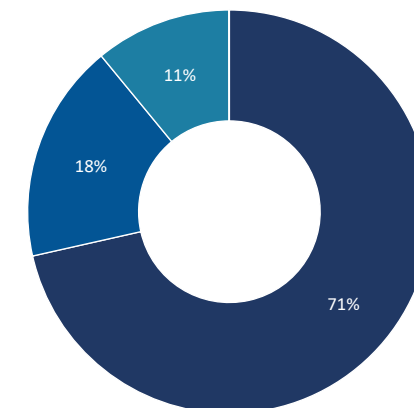
	1mth	3mth	6mth	1yr	3yr <sup>(2)</sup>	Incep <sup>(2)(3)</sup>
Net Return (%)	0.86	2.34	4.46	7.90	8.93	8.59
Distribution (%)	0.76	2.14	4.06	7.47	6.98	6.89

Note: Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP).

## MOT COMPRISES 178 INVESTMENTS DIVERSIFIED ACROSS INDUSTRIES & THE CREDIT SPECTRUM

### INVESTMENT TYPE<sup>(1)</sup>

- Cash
- Senior Loans
- Subordinated Loans
- Equity & Equity-like

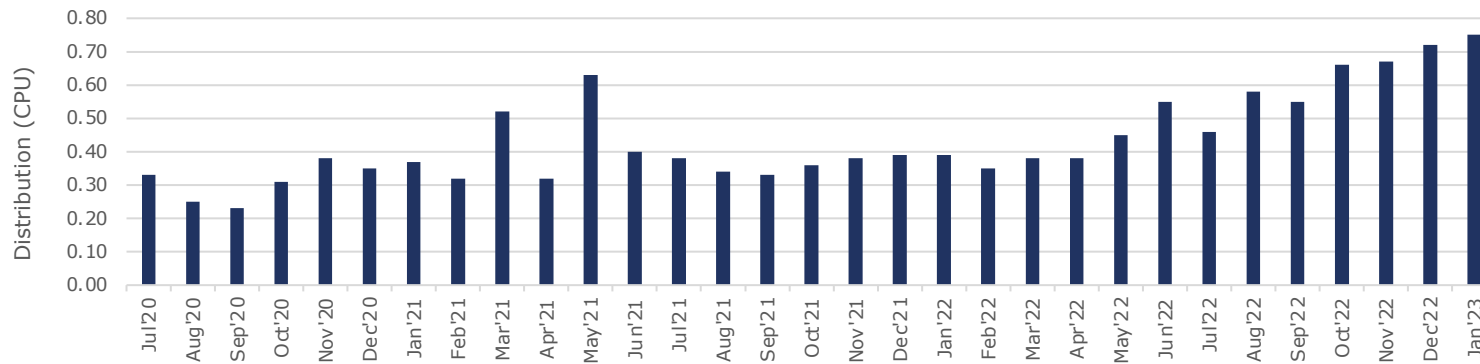


Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP). Source: Metrics. MOT IPO April 2019, from October 2019 distributions made monthly (previously quarterly). All data as at 31 January 2023. (1) MOT invests in underlying Metrics funds which engage in direct lending activities, metrics based on underlying funds. (2) Annualised (3) IPO 29 April 2019

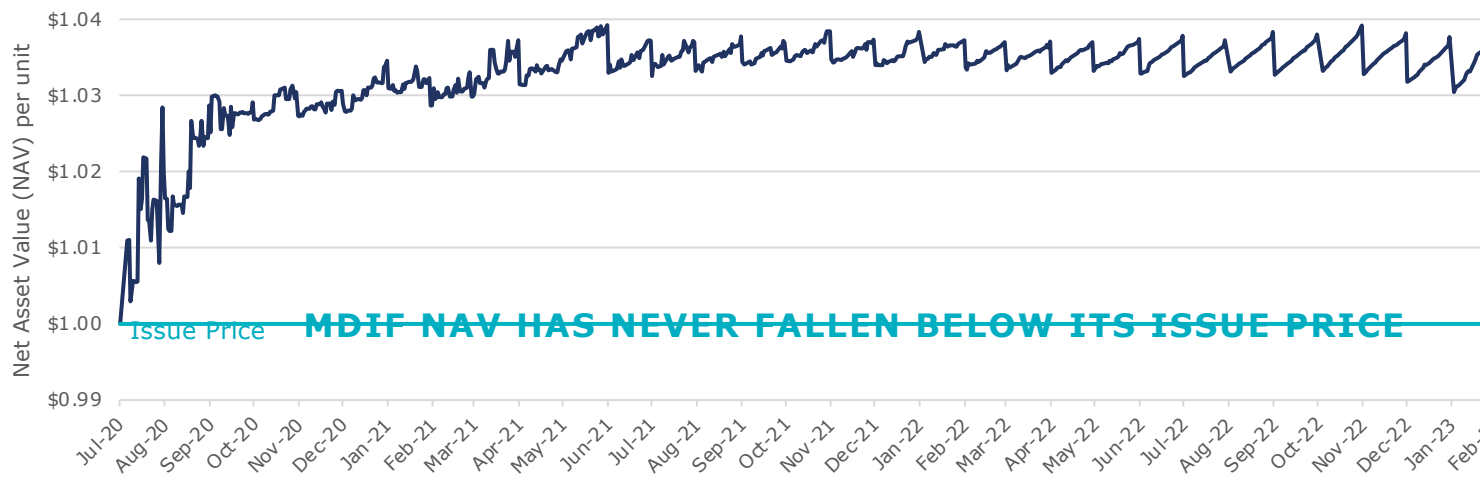
# METRICS DIRECT INCOME FUND



## DISTRIBUTION HISTORY



## NAV HISTORY



## FUND PERFORMANCE

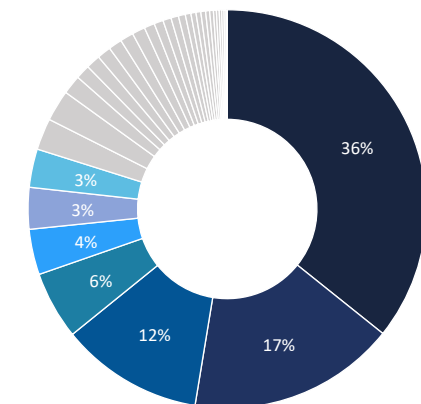
	1mth	3mth	6mth	1yr	2yr <sup>(2)</sup>	Incep <sup>(3)</sup>
Net Return (%)	0.81	1.96	3.73	6.26	5.73	6.44
Target Return (%)	0.54	1.59	4.93	3.97	4.24	3.93
Distribution (%)	0.73	2.09	3.87	6.47	5.60	5.19
RBA Cash Rate (%)	0.26	0.76	1.34	1.58	0.84	0.69
Spread to RBA (%)	0.46	1.32	2.53	4.89	4.76	4.50

Note: Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP). Target Return: RBA Cash Rate +3.25% p.a. net of fees

## MDIF COMPRISES 309 LOANS DIVERSIFIED ACROSS INDUSTRIES & THE CREDIT SPECTRUM

### INDUSTRY ALLOCATION<sup>(1)</sup>

- Cash
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- Real Estate Mgt & Development
- Hotels, Restaurants & Leisure
- Health Care Providers & Services
- Capital Markets
- Transportation Infrastructure
- Diversified Financial Services
- Other

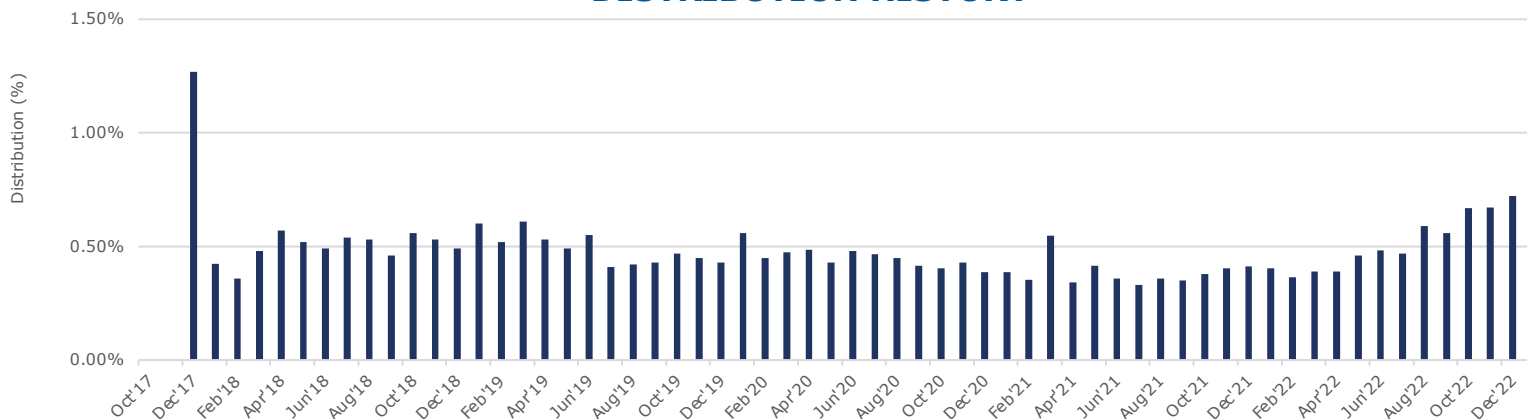


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# MCP WHOLESAL INVESTMENTS TRUST



## DISTRIBUTION HISTORY

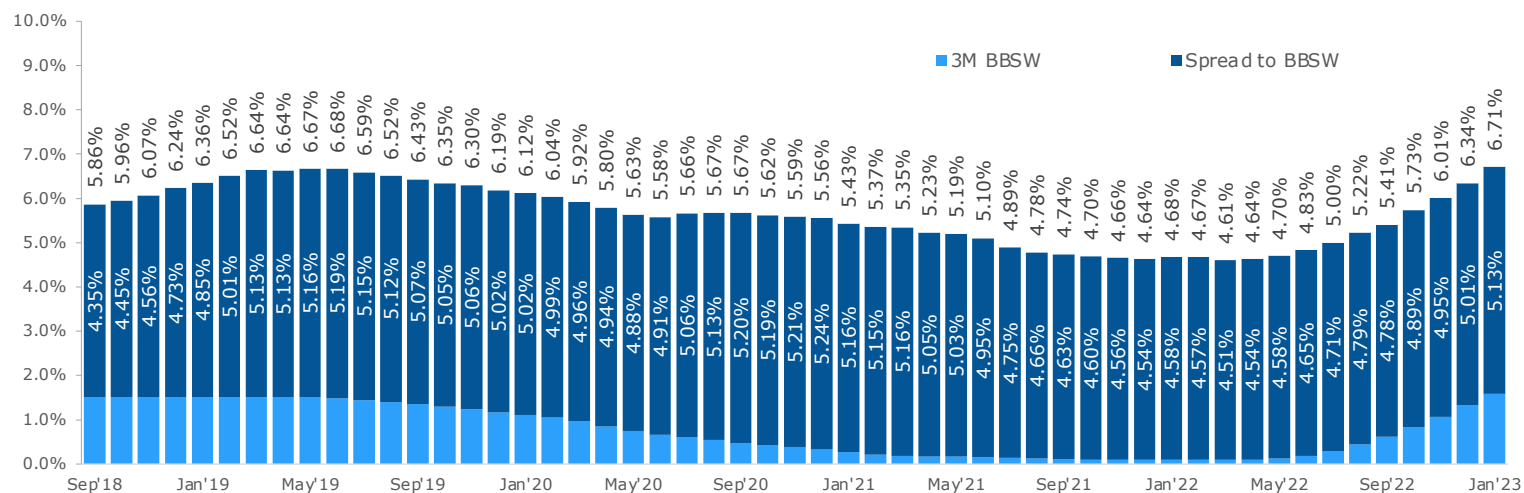


## FUND PERFORMANCE

	1mth	3mth	1yr	3yr <sup>(1)</sup>	5yr <sup>(1)</sup>	Incep <sup>(1)</sup>
Net Return (%)	0.75	2.15	6.71	5.60	5.86	5.83
RBA Cash Rate (%)	0.26	0.76	1.58	0.65	0.91	0.95
Spread (%)	0.49	1.39	5.13	4.96	4.95	4.88
Distribution (%)	0.75	2.16	6.71	5.61	5.83	5.80

Note: Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP). Target Return: RBA Cash Rate +3.25% p.a. net of fees

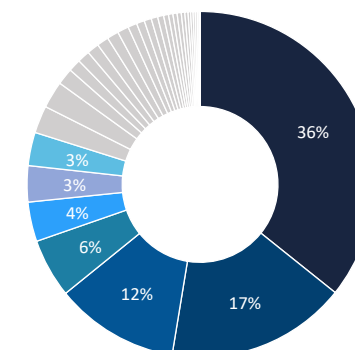
## TRAILING 12-MONTH RETURNS (NET OF FEES)<sup>(2)</sup>



## WIT COMPRISES 309 LOANS DIVERSIFIED ACROSS INDUSTRIES & THE CREDIT SPECTRUM

### Industry Diversification<sup>(3)</sup>

- Cash
- Real Estate Investment Trusts
- Real Estate Mgt & Development
- Hotels, Restaurants & Leisure
- Health Care Providers & Services
- Capital Markets
- Transportation Infrastructure
- Diversified Financial Services
- Other



Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP).

Note: . As at 31 January 2023. Notes: (1) Annualised, inception October 2017. Distribution reinvested option, net total return to investor post all IMF, expenses and GST. Net return does not incorporate fee rebates and as such actual individual investor return will differ from Fund returns (2) RBA cash rate as published by RBA. (3) Industry diversification categorization reflects MSCI and S&P Global Industry Classification Standard (GICS) criteria, based on underlying funds

# METRICS CREDIT PARTNERS ALTERNATIVES

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### COMMERCIAL REAL ESTATE



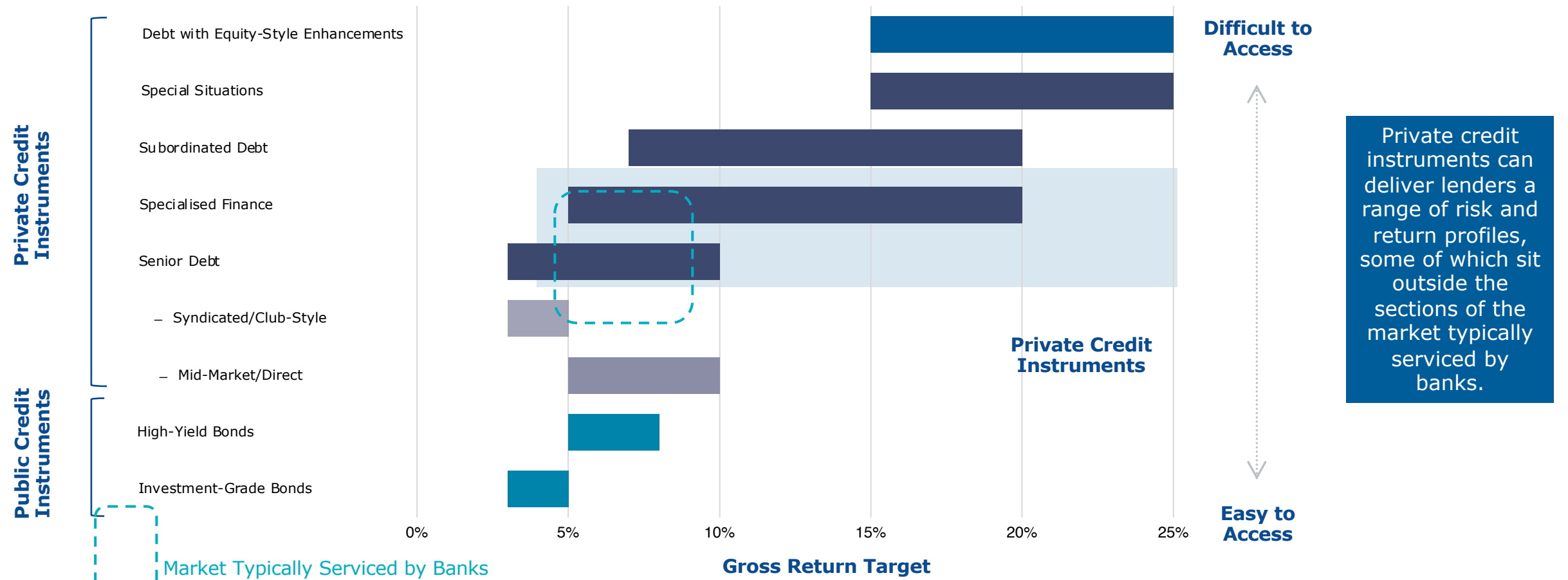
### PROJECT FINANCE



# PRIVATE CREDIT INSTRUMENTS



## WITH INCREASED ACCESS INVESTORS CAN EXPAND THEIR FIXED INCOME AND DEFENSIVE ALTERNATIVE ASSET ALLOCATIONS



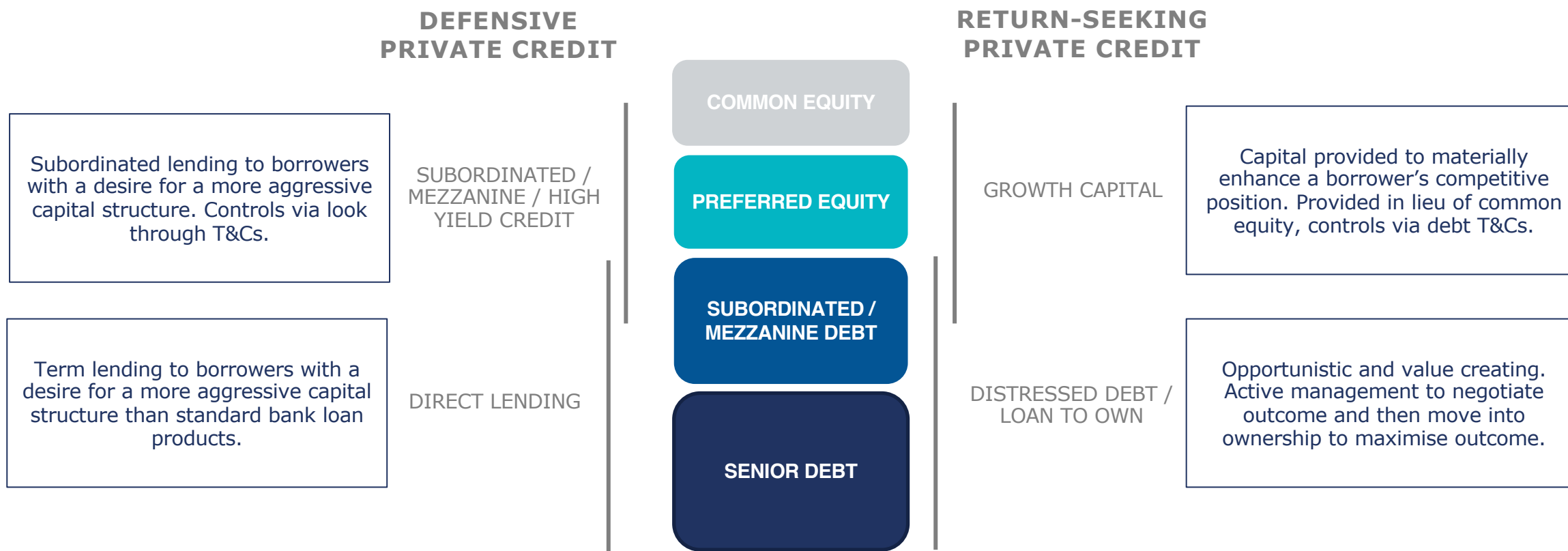
Private credit instruments can deliver lenders a range of risk and return profiles, some of which sit outside the sections of the market typically serviced by banks.

Source: Metrics.

Note: IRR targets are pre-costs and fees, are indicative ranges only and may differ from future expected outcomes.

# TYPES OF PRIVATE MULTI-ASSET CREDIT

## PRIVATE MULTI-ASSET CREDIT CAN BE BOTH DEFENSIVE OR RETURN SEEKING



# PRODUCTS, PROVIDERS & BORROWERS



## BANKS, FINANCE COMPANIES AND FUNDS PROVIDE PRIVATE CREDIT ACROSS THE ECONOMY

PRODUCT	DESCRIPTION	PROVIDERS	BORROWERS
<b>MID-MARKET/DIRECT LENDING</b>	<ul style="list-style-type: none"> <li>Core financing, acquisition financing and working capital</li> <li>Direct lending by way of either syndication or bi-lateral, senior secured, stretch senior, uni-tranche, subordinated and holdco loans</li> </ul>		<p>Private equity sponsors</p> <p>Corporate borrowers</p>
<b>ACCELERATION AND GROWTH CAPITAL LENDING</b>	<ul style="list-style-type: none"> <li>Financing structures for businesses usually combining debt and debt like instruments including growth or acceleration capital, special situation investments, and debt with equity upside instruments (warrants / convertibles)</li> </ul>		<p>Capital intensive business models</p> <p>Fast growing businesses</p> <p>Opportunities to create leverage to drive returns</p>
<b>COMMERCIAL REAL ESTATE AND REAL ASSETS LENDING</b>	<ul style="list-style-type: none"> <li>Commercial Real Estate financing</li> <li>Infrastructure finance</li> <li>Asset backed finance</li> </ul>		<p>Property development companies</p> <p>Infrastructure sponsors</p>
<b>NON-BANK FINANCIAL SERVICES LENDING</b>	<ul style="list-style-type: none"> <li>Ring fenced, off-balance sheet and backed by specific assets</li> <li>Securitisation</li> <li>Diverse mix of financial-style receivables</li> </ul>		<p>Non-bank mortgage financiers</p> <p>Non-bank commercial finance companies</p> <p>Non-bank consumer finance companies</p>

# OPPORTUNITY IN PRIVATE MULTI-ASSET CREDIT



## THE MARKET OPPORTUNITY IS DRIVEN LARGELY BY CHANGING BANK REGULATION AND LACK OF ALTERNATIVE NON-BANK DEBT CAPITAL

- Private Multi-Asset Credit refers to the variety of debt and debt-like instruments that rank in seniority between standard bank lending and equity in a capital structure.
- These are private transactions directly originated, structured and negotiated between a lender and a borrower.

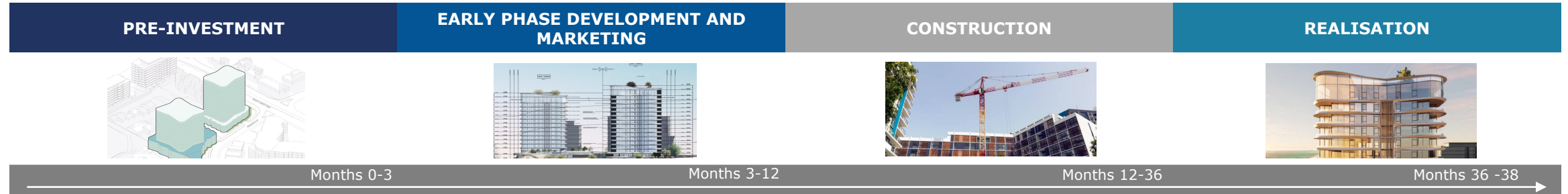
CHANGES TO REGULATORY LANDSCAPE	CREDIT RATIONING BY BANKS	ALTERNATIVE CAPITAL SCARCITY
<p>Post GFC, banks are no longer participating in subordinated corporate lending</p> <p>Banks are also quite prescriptive where subordinated debt co-exists</p> <p>Lack of capital options between equity and vanilla bank loans</p>	<p>Banks are large capital providers to the real estate sector.</p> <p>Reduced lending appetite to overweight sectors such as real estate.</p> <p>Commercial Real Estate adversely impacted by Consumer Real Estate.</p>	<p>Australia suffers from the lack of a sophisticated, mature corporate debt capital market outside of vanilla bank lending.</p> <p>Banks only able to provide standard loan products.</p> <p>Scarcity premium available for capital outside bank loan products.</p>

**OUTSIDE STANDARD BANK LENDING PRODUCTS, DEBT CAPITAL IS SCARCE COMMANDING A PREMIUM**

# OPPORTUNITY IN REAL ESTATE EQUITY



## METRICS PARTNERS WITH ESTABLISHED, EXPERIENCED DEVELOPERS THAT HAVE DEMONSTRATED TRACK RECORD IN PROJECT DELIVERY



ROLES & RESPONSIBILITIES

### Development Partner

- |  |   |   |   |
|--|---|---|---|
| <ul style="list-style-type: none"> <li>Sources development opportunity</li> <li>Prepares feasibility for highest and best use</li> <li>Works with agents to determine salability</li> <li>Engages Architect and planner</li> </ul> | <ul style="list-style-type: none"> <li>Develops project strategy and seeks planning approvals as required</li> <li>Commences building tender with a minimum of 3 builders approved by Metrics</li> <li>Commences marketing strategy and launches product</li> </ul> | <ul style="list-style-type: none"> <li>Recommends builder to JV and commences construction once senior debt CPs have been finalised</li> <li>Builder engaged on fixed price, fixed time, design and construct contract</li> <li>Continues marketing and selling</li> <li>Prepares for completion</li> </ul> | <ul style="list-style-type: none"> <li>Ensures practical completion is completed in accordance with construction contact and defects are rectified</li> <li>Works with surveyor to prepare land subdivision as required.</li> <li>Prepares purchaser(s) for settlement</li> </ul> |
|--|---|---|---|

### Metrics Real Estate Partners

- |  |  |  |   |
|--|--|--|---|
| <ul style="list-style-type: none"> <li>Assesses developer feasibility and provides debt advice based on market experience</li> <li>Sources land debt</li> <li>Determines risk adjusted equity terms based on project risk</li> </ul> | <ul style="list-style-type: none"> <li>Sources construction debt</li> <li>Works with developer to ensure concept is marketable and meets objectives of the joint venture</li> <li>Authorises all project expenses</li> </ul> | <ul style="list-style-type: none"> <li>Monitors project closely</li> <li>Authorises all project expenses</li> <li>Continues to assess project risks</li> </ul> | <ul style="list-style-type: none"> <li>Monitors settlement process</li> <li>Sources investment or residual stock finance if required</li> </ul> |
|--|--|--|---|

### Third Parties

- |  |   |  |   |
|--|---|--|---|
| <ul style="list-style-type: none"> <li>Tier 1 legal firms provide property legal due diligence advice</li> <li>QS firms provide construction pricing guidance</li> <li>Architects provide concept plans</li> </ul> | <ul style="list-style-type: none"> <li>Town planning and Architectural firms used extensively</li> <li>Structural and services engineering consultants engaged</li> <li>Sales agents and marketing firms engaged</li> </ul> | <ul style="list-style-type: none"> <li>QS firm engaged to monitor construction costs</li> <li>Legal firms to manage settlements</li> <li>Settlement consultants engaged to prepare for handover procedure (Residential projects only)</li> </ul> | <ul style="list-style-type: none"> <li>QS to ensure building meets requirements under the contract</li> <li>Land surveyors</li> <li>Building commissioner (NSW only)</li> </ul> |
|--|---|--|---|

# WHY INVEST IN AUSTRALIAN PRIVATE CREDIT

**AS RISK INCREASES, LENDERS ARE ABLE TO NEGOTIATE STRONGER LENDING STRUCTURES AND CONTROLS, AND RETURNS ARE MATERIALLY HIGHER**

## CAPITAL STABILITY



**Position in Capital Structure**



**Secure Financial Contracts**



**Relationships with Borrowers**

## ATTRACTIVE INCOME



**Inflation Hedge**



**Income Generating Assets**



**Opportunity and Diversity**



# GENERATING CONSISTENT, RISK-ADJUSTED RETURNS IN PRIVATE CREDIT



## ORIGINATION AND MANAGEMENT OF PRIVATE CREDIT

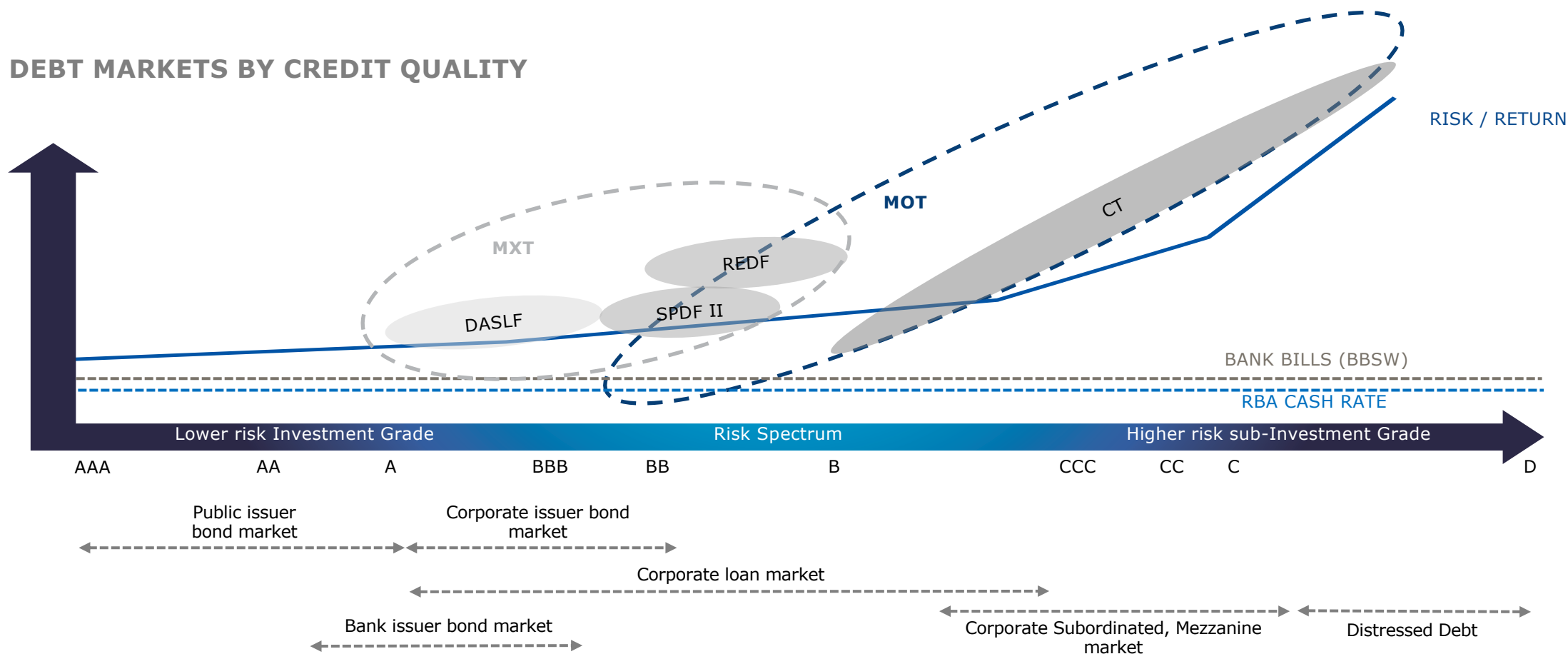
- Private Credit investment opportunities are diverse, and each situation is unique.
- To access and manage private credit investment opportunities, specialist capabilities and active management are required, spanning from deal origination to ongoing portfolio risk management.



# METRICS FUNDS SPAN THE CREDIT RISK SPECTRUM



## POTENTIAL TO EARN HIGHER RETURNS BY INVESTING ACROSS THE CREDIT SPECTRUM



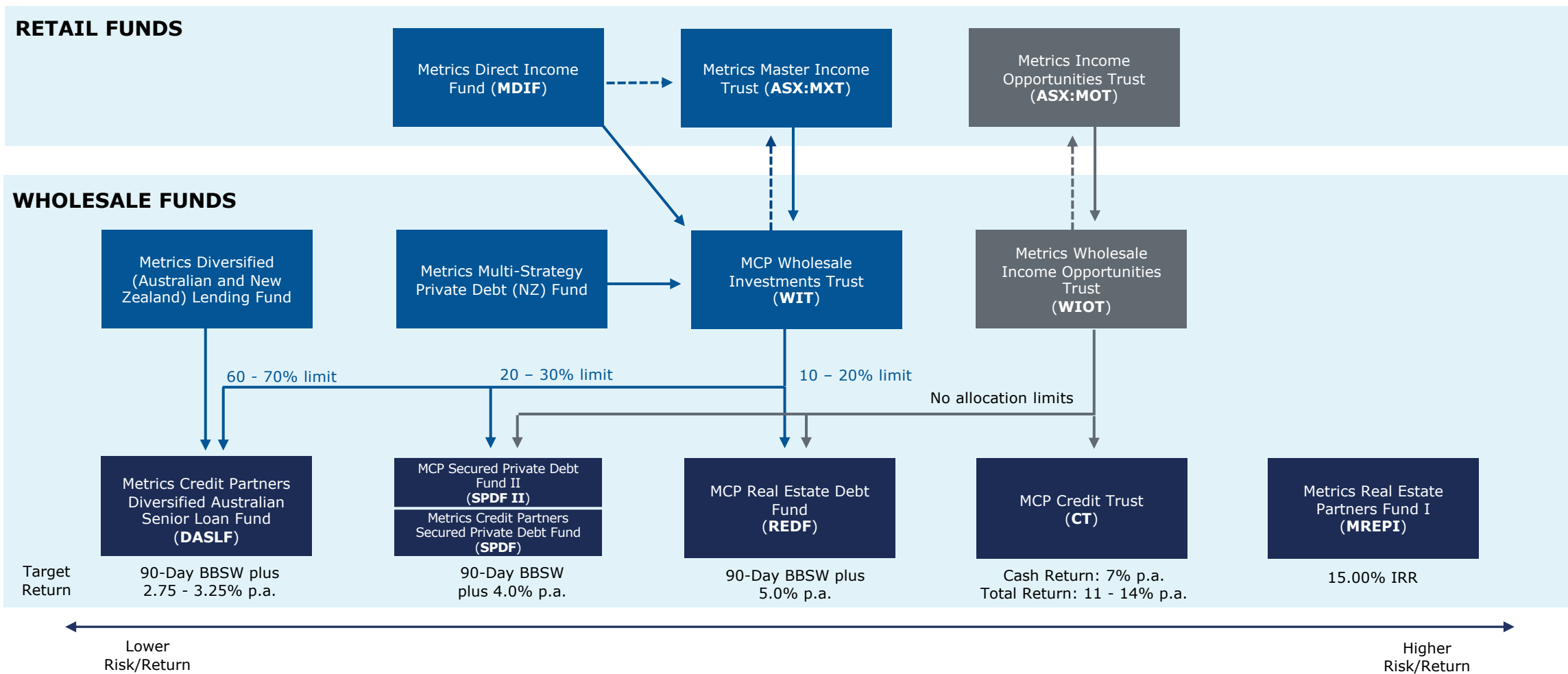
MXT = Metrics Mast Income Trust  
 SPDF II = MCP Secured Private Debt Fund II  
 MOT = Metrics Income Opportunities Trust

REDF = MCP Real Estate Debt Fund  
 DASLF = Metrics Credit Partners Diversified Australian Senior Loan Fund  
 CT = MCP Credit Trust

# METRICS FUND STRUCTURES



## PROVIDING INVESTORS UNIQUE ACCESS TO PRIVATE DEBT ACROSS THE RISK SPECTRUM



# HOW TO ACCESS PRIVATE CREDIT WITH METRICS



	METRICS INCOME OPPORTUNITIES TRUST (ASX:MOT)	MCP CREDIT TRUST PERFORMANCE	METRICS REAL ESTATE PARTNERS FUND I
<b>STRUCTURE</b>	ASX Listed Investment Trust	Unlisted, Open-Ended Unit Trust	Closed end wholesale unit trust with a total fund term of 5 years.
<b>INCEPTION DATE</b>	April 2019	December 2018	February 2022
<b>TARGET NET RETURN<sup>^</sup></b>	Cash Return: 7% p.a. with upside gains Total Return: 8–10% p.a. over 3–5yrs	Cash Return: 7% p.a. Total Return: 11-14% p.a.	15% IRR (net of fees and costs)
<b>RETURNS SINCE INCEPTION P.A. (1)(2)</b>	8.59% <sup>(3)</sup>	11.56% <sup>(4)</sup>	~
<b>CURRENT RUNNING YIELD P.A. (5)</b>	<b>9.66%</b>	<b>10.66%</b>	<b>21.60%</b> <sup>(6)</sup>
<b>DISTRIBUTIONS</b>	Monthly	Monthly Cash or DRP	Semi-Annually Cash
<b>APPLICATIONS</b>	Daily*	Monthly	Closed to new investors
<b>REDEMPTIONS</b>	Daily*	Run-off	Closed-ended
<b>UNIT PRICING</b>	Daily	Daily	Monthly
<b>HOW TO INVEST</b>	Via the ASX	Direct via Metrics	Series of Funds

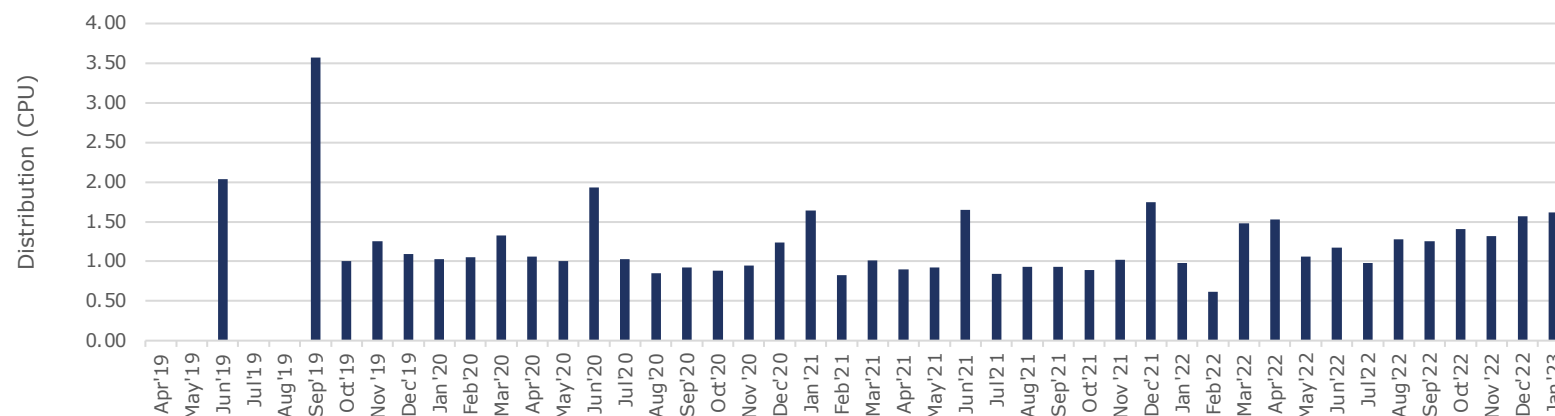
Notes: (1) As at 31 January 2023 (2) Annualised (3) IPO April 2019 (4) since inception December 2018 (5) Current running yields for Metrics funds are calculated as the last 12 months spread plus the current 3-month BBSW. (6) Forecast IRR investor return as at 31 December 2022.

<sup>^</sup>This is a target return and may not be achieved. Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP). \*Subject to market liquidity.

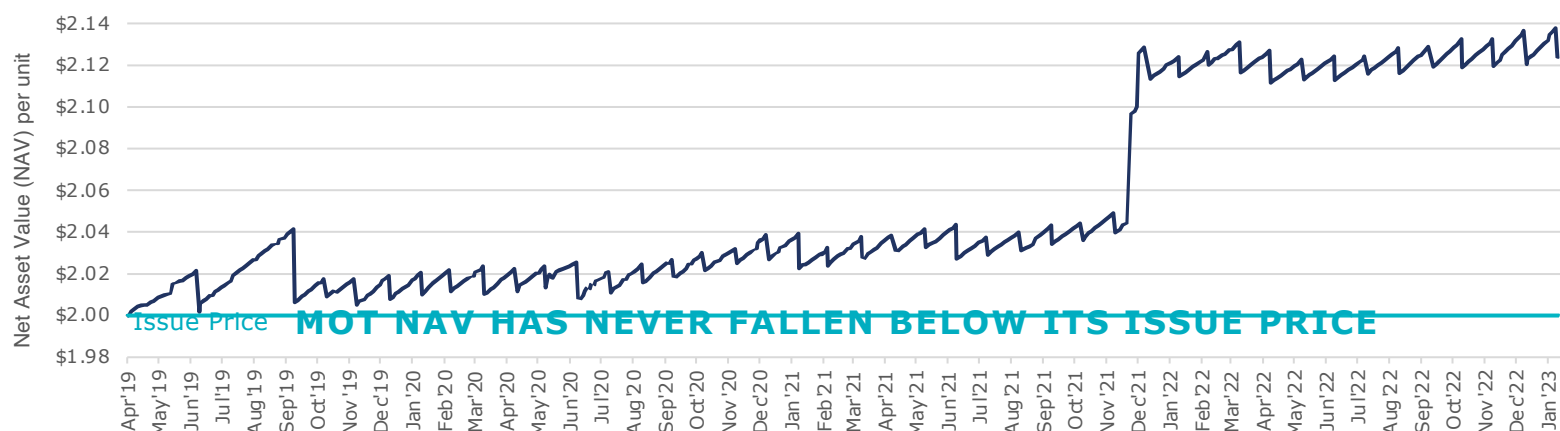
# METRICS INCOME OPPORTUNITIES TRUST (ASX:MOT)



## DISTRIBUTION HISTORY



## NAV HISTORY



## FUND PERFORMANCE

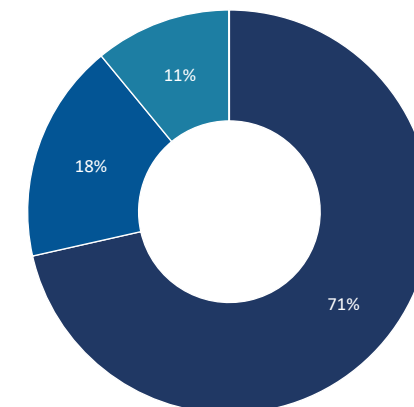
	1mth	3mth	6mth	1yr	3yr <sup>(2)</sup>	Incep <sup>(2)(3)</sup>
Net Return (%)	0.86	2.34	4.46	7.90	8.93	8.59
Distribution (%)	0.76	2.14	4.06	7.47	6.98	6.89

Note: Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP).

**MOT COMPRISES 178 INVESTMENTS  
DIVERSIFIED ACROSS INDUSTRIES & THE  
CREDIT SPECTRUM**

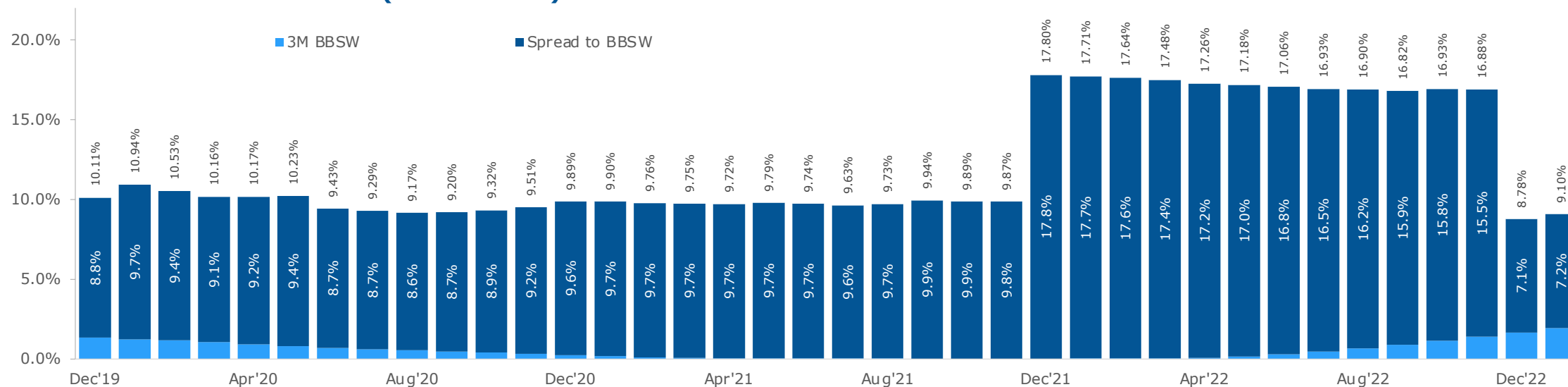
## INVESTMENT TYPE<sup>(1)</sup>

- Cash
- Senior Loans
- Subordinated Loans
- Equity & Equity-like



Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP).  
Source: Metrics. MOT IPO April 2019, from October 2019 distributions made monthly (previously quarterly). All data as at 31 January 2023. (1) MOT invests in underlying Metrics funds which engage in direct lending activities, metrics based on underlying funds. (2) Annualised (3) IPO 29 April 2019

## TRAILING 12-MONTH RETURNS (NET OF FEES)<sup>(2)</sup>



## NET RETURNS

	1mth	3mth	1yr	3 yr <sup>(1)</sup>	Incep <sup>(1)</sup>
Net Return (%)	0.98	2.70	9.10	12.17	11.56
3M BBSW (%)	0.28	0.80	1.94	0.71	0.90
Spread (%)	0.70	1.89	7.16	11.45	10.66
Distribution (%)	1.00	2.76	9.49	9.92	9.55

## MONTHLY PERFORMANCE

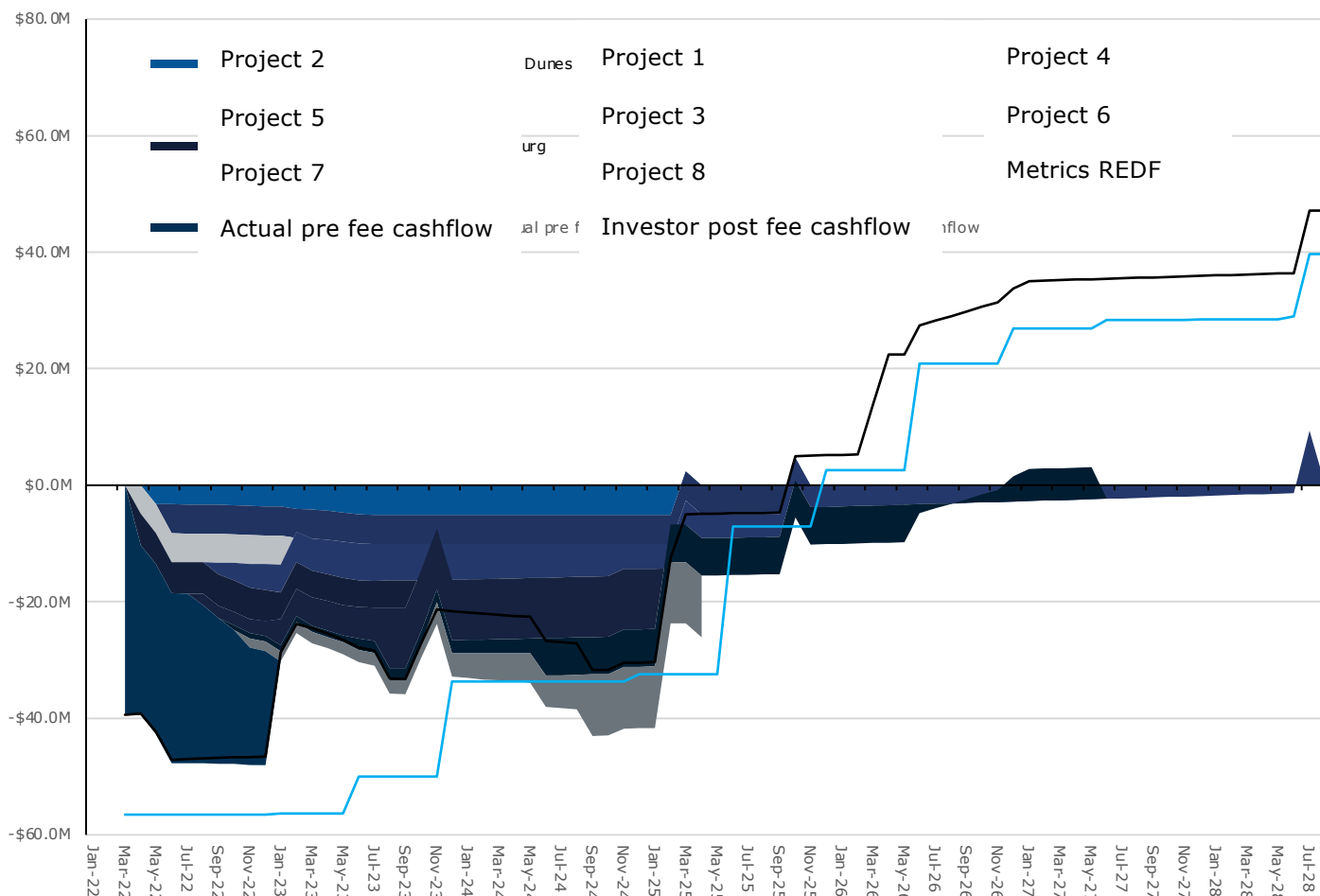
	Bps	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY'23		61	72	79	78	75	94	98						557
FY'22		73	74	86	68	79	845	69	59	64	58	72	65	1612
FY'21		83	65	66	73	81	115	76	66	77	77	78	75	933
FY'20		96	76	63	62	64	80	76	81	78	80	72	80	907
FY'19							-	-	115	112	78	67	153	526

Note: As at 31 January 2023. (1) Annualised, inception December 2018. Distribution reinvested option, net total return to investor post all IMF, expenses and GST. Net return does not incorporate fee rebates and as such actual individual investor returns will differ from Fund returns. (2) Bank Bills Benchmark 90-day BBSW, RBA cash rate as published by RBA.

# METRICS REAL ESTATE PARTNERS FUND I



## FUND CASHFLOW FORECAST

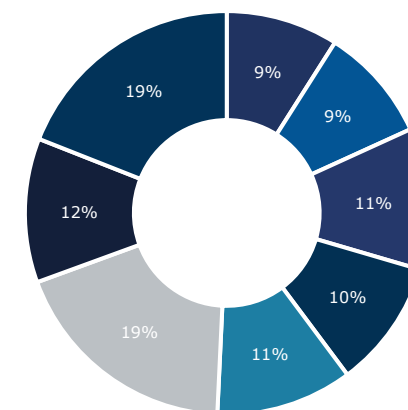


## FUND PERFORMANCE SUMMARY

Forecast investor IRR* <i>(post fees on funds invested)</i>	21.6%
Forecast equity multiple* <i>(on all investor funds)</i>	1.70x
Forecast equity multiple* <i>(on funds invested)</i>	1.70x
Active equity investments	8

## PROJECT DIVERSIFICATION

- 1 – Residential (WA)
- 2 – Residential (NSW)
- 5 – Hotel (NSW)
- 3 – Industrial (NSW)
- 4 – Commercial Office (VIC)
- 6 – Industrial (VIC)
- 7 – Residential (VIC)
- 8 – Residential (VIC)



Note: As at 31 December 2022. Australian Corporate Loan Market data sourced from APRA and Metrics as at December 2022.

## METRICS OFFERS SCALE, DIVERSIFICATION AND EXPERIENCE IN PRIVATE DEBT



### EXPERIENCED TEAM

4 Partners with ~35yrs experience supported by a strong team of >120 investment professionals.



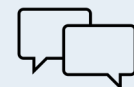
### SIZE AND SCALE

Largest non-bank corporate lender in Australia with >\$14bn AUM, means greater access to opportunities.



### TRACK RECORD

Consistent risk-adjusted returns.\*



### DIRECT ORIGINATION SKILLS

Directly originating loans allows Metrics to control the terms, set covenants etc.



### RISK MANAGEMENT CAPABILITY

Preserve investor capital through strong focus on risk management & experience of restructuring.



### RANGE OF OFFERINGS

Retail and wholesale offerings, domestic and offshore fund options for investors.



### AUSTRALIA / NZ

Advantages of Australian creditor-friendly loan environment.



### COMPETITIVE

Competitive management fee and no or low, capped performance fee.



# CASE STUDIES

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# FINANCIAL SERVICES STRATEGY



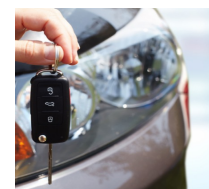
## OVERVIEW

- Benefit from upside via equity instruments attached to the debt structure
- Bespoke lending against diversified pools of a homogenous asset types (i.e. debtors, auto, livestock, commercial lending books, etc), typically in a subordinated position supporting bank warehouse funding
- Providing acceleration capital at a higher advance rate releases equity to expand warehouse funding and grow scale, diversification and equity value
- Pricing over Benchmark +7-9% cash yield with equity upside up to 15-20% IRR

## KEY FEATURES AND STRUCTURE

TERM	AUTO FINANCE COMPANY	MORTGAGE ORIGINATOR
<b>Investment</b>	<ul style="list-style-type: none"> <li>• \$5m of equity providing 45% stake</li> <li>• \$100m senior secured loan facility</li> </ul>	<ul style="list-style-type: none"> <li>• \$18m of equity providing 12.5% stake</li> <li>• \$37.5m subordinated warehouse notes</li> </ul>
<b>Returns</b>	<ul style="list-style-type: none"> <li>• Debt Margin: 6.00%</li> <li>• Equity Return 5.5x (unrealised return achieved to-date)</li> <li>• Target IRR: 20-25%</li> </ul>	<ul style="list-style-type: none"> <li>• Debt Margin: 5.50-8.00%</li> <li>• Equity Return 2.2x (unrealised return achieved to-date)</li> <li>• Target IRR: 20-25%</li> </ul>
<b>Term of Investment</b>	<ul style="list-style-type: none"> <li>• 5 years target investment period</li> </ul>	<ul style="list-style-type: none"> <li>• 5 years target investment period</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• 2 Board seats held by Metrics</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Board seat held by Metrics</li> </ul>

## AUTO FINANCE COMPANY



**Investment Type:** Venture Capital  
**Sector:** Auto Finance Company  
**Status:** Unrealised

- Dealer-aligned prime auto loan originator/manager founded and funded by Metrics and JV partner in December 2018 (the Company).
- Metrics investment includes:
  - a) A\$100.0m secured corporate loan to fund its acquisition of mezzanine, junior and seller notes issued by a securitisation vehicle
  - b) c.45% significant minority equity and loan investment

The Company was independently valued by a tier one international accounting firm in December 2021. The valuation uplift represented a 5.5x unrealised gain on Metrics equity investment.

## RESIDENTIAL MORTGAGE ORIGINATOR



**Investment Type:** Growth Capital  
**Sector:** Residential Mortgage Lending  
**Status:** Unrealised

- Melbourne-based mortgage originator specialising in lending to non-residents in Australia (the Company).
- Established in response to the displacement of non-residential borrowers from more restrictive general credit policy settings from the Australian banks due to APRA initiatives to restrict investor lending growth.
- Created origination platforms in Melbourne, Sydney and UK.
- Grown the loan portfolio to over \$2.2bn.
- The Company was independently valued by a tier one international accounting firm in December 2021. The valuation uplift represented a 2.2x unrealised gain on Metrics equity investment.

# MEZZANINE DEBT



## OVERVIEW

- Debt that is junior or has a second-order claim on assets and/or earnings of a borrower
- Generally higher yielding than senior debt, with terms negotiated directly with company and senior lenders
- May benefit from similar structural features and controls available to senior lenders, including access to non-public information

## KEY FEATURES AND STRUCTURE

TERM	LEISURE COMPANY	CRE
<b>Investment</b>	<ul style="list-style-type: none"> <li>• \$35m secured Holdco Loan</li> </ul>	<ul style="list-style-type: none"> <li>• \$110m secured subordinated loan</li> </ul>
<b>Returns</b>	<ul style="list-style-type: none"> <li>• Coupon: 13.5% (PIK)</li> <li>• Upfront Fee: 4.5%</li> <li>• Yield (at close): 14.7%</li> <li>• Yield (achieved): 17.1%</li> </ul>	<ul style="list-style-type: none"> <li>• Coupon: 15%</li> <li>• Upfront Fee: 2.4%</li> <li>• Yield (at close): 16.8%</li> <li>• Yield (achieved): 16.8%</li> </ul>
<b>Term of Investment</b>	<ul style="list-style-type: none"> <li>• 5.5 year tenor</li> <li>• ~1.5 year holding period</li> </ul>	<ul style="list-style-type: none"> <li>• 1.5 year tenor</li> <li>• 1.5 year holding period</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Security over shares in the Opco</li> <li>• Senior buy-out right</li> <li>• Total Net Leverage Covenant</li> </ul>	<ul style="list-style-type: none"> <li>• Second ranking mortgage</li> <li>• &gt;100% presale coverage of Mezzanine debt at close</li> </ul>

## HOLDCO LOAN – LEISURE COMPANY



**Investment Type:** Mezzanine Debt (Holdco Loan)  
**Sector:** Leisure  
**Status:** Realised

- One of the largest operators of out of home entertainment (“OOHE”) venues in Australia, with 100% owned operations in Australia, New Zealand, Singapore and India, and JV arrangements in Indonesia, Vietnam and the Philippines (the Company).
- Acquired by Private Equity firm in December 2017.
- P/E firm were able to grow the Company’s earnings by ~57% over the subsequent 12 months, at which point they chose to refinance both the senior and holdco mezzanine facilities with a single unitranche facility in Apr-19.
- Holdco loan was repaid in full with Metrics achieving a significantly uplift in IRR.

## SUBORDINATED LOAN – CRE



**Investment Type:** Mezzanine Debt (Commercial Real Estate)  
**Sector:** Residential  
**Status:** Realised

- The Project is mixed use development comprising 548 apartments, three levels of retail space and seven levels of basement car parking. The Project is located in the waterfront suburb of Rhodes, ~16km west of the CBD.
- Sponsored by one of Sydney’s largest private development companies.
- The Mezzanine facility was provided by Metrics, with senior debt provided by a club of banks included two of the majors.
- At close the complex was 96% presold, providing >100% presale coverage of the Mezzanine debt.
- The Project was completed on time and the Mezzanine facility repaid soon after via presale settlements.

# COMMERCIAL REAL ESTATE EQUITY



## OVERVIEW

- Leverages our experience and depth of relationships within Australia's Commercial Real Estate ('CRE') market to gain access to the equity upside of CRE projects
- Actively originate, structure and co-invest in real estate assets with developers who are specialists in local markets with strong local networks
- Engage directly with project sponsors to provide capital that drives equity value

## KEY FEATURES AND STRUCTURE

TERM	YARRAVILLE	CONCORD WEST
<b>Investment</b>	<ul style="list-style-type: none"> <li>• \$75m of equity providing 35% of the total project equity requirement</li> </ul>	<ul style="list-style-type: none"> <li>• \$28m 50:50 equity JV with a prominent Sydney based development firm.</li> </ul>
<b>Returns</b>	<ul style="list-style-type: none"> <li>• Equity IRR 18.7%</li> <li>• Equity Multiple 2.02x</li> <li>• Profit \$76.6 million</li> </ul>	<ul style="list-style-type: none"> <li>• 10% pa target IRR (ongoing cash distributions from rental income and capital gains)</li> </ul>
<b>Term of Investment</b>	<ul style="list-style-type: none"> <li>• 76 months</li> </ul>	<ul style="list-style-type: none"> <li>• 10 year expected holding period</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Key Matters (e.g. appointment of Builder and financier) unanimously decided by the JV Management Committee</li> <li>• Shareholder Default buyout rights</li> </ul>	<ul style="list-style-type: none"> <li>• Equal Board representation with JV partner</li> </ul>

## YARRAVILLE



**Developer:**  
Private developer

**Location:**  
Yarraville, Vic

**Status:** Master plan approved

- The property is a 26-hectare site, 8km from the Melbourne CBD, being acquired with master planning approval.
- The JV will seek development approval for 944 townhouses, 382 apartments across multiple towers and a retail centre.
- The developer has 50% of equity in the project. The remaining project equity is split 70/30 with Metrics and an Australian real estate fund manager.
- Senior land finance has been sourced from a Singaporean bank on competitive terms.
- After the repayment of senior debt, project profit will be distributed pari-passu.
- Construction commencement is forecast for March 2022. All equity and profit to be returned by 2027.

## CONCORD WEST



**Investment Type:**  
Equity (Commercial Real Estate)

**Sector:** Industrial

**Status:** Unrealised

- In May 2019, Metrics entered into a JV with a property developer to acquire commercial premises in Concord West, which has a large long term blue chip ASX10 tenant.
- The property provides future residential redevelopment potential being in close proximity to public transport, though also has the medium-term advantage of a secure tenant and income serviceability during the rezoning and planning period.
- The Company will act as investment and property manager in the predevelopment stage and investment manager, development manager, builder and marketer during development.
- The acquisition of the property by Metrics and the Company was supported by a senior debt facility provided by a Big 4 bank.

## FOR MORE INFORMATION

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[metrics.com.au](https://metrics.com.au)



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