

Unlisted Private Debt Fund Report

The GEMI Fund

April 2021

Mortgage fund targeting 10.5% p.a. distributions

For wholesale and sophisticated investors

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The GEMI Fund

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About Core Property Research

Core Property Research Pty Ltd was established in July 2017 to provide market leading and insightful research on the property funds sector for its clients and investors. Our ratings and research cover sector level research, ratings and recommendations on listed and unlisted property funds, and is built upon the extensive research experience of its staff.

The Core Property team collectively, has over 50 years' experience across property, financial services and investment markets. The team has also evaluated over 500 different funds across multiple sectors and a range of investment structures over the last decade.

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The GEMI Fund

April 2021

The GEMI Fund ("the Fund") is an unlisted wholesale unit trust that seeks to invest in a portfolio of property-backed loans, secured by first and second ranked mortgages over properties.

The Manager, Gemi Investments Pty Ltd ("the Manager") is a subsidiary of the Gemi Group ("Gemi"), a privately owned investment firm that has been facilitating mortgage-based investments for over 20 years. Gemi enjoys a strong track record, with no losses to investors over the last 20 years. Notably, the principals of Gemi are substantial investors across Gemi's loans and often lend in a subordinated position to Gemi's investors on the basis that the principals' capital is only repaid from a transaction once the investors have been repaid. Core Property believes this provides an important alignment between the Manager and investors.

The Fund is open ended with an entry unit price of \$1.00 per unit and is open to wholesale and sophisticated investors, with a minimum investment of \$25,000 ("the Offer"). The Fund operates as a pooled investment scheme where investor funds are aggregated and loaned out to borrowers across a portfolio of loans. The loans are short term in nature and secured by first and second ranked mortgages on real estate across Australia.

The Fund has a Target Net Return of 10.5% p.a. In order to achieve this, the loan portfolio will typically carry a higher risk and include property development and investment loans. The Manager has a set of lending guidelines to ensure risks are matched to return expectations, with: (1) a preference for first ranked mortgages, (2) second ranked mortgages to comprise no more than 20% of the portfolio, (3) a preferred loan term of 3-9 months, (4) target interest rates of 12.5% p.a. for first mortgage, and (5) a maximum Loan to Valuation Ratio (LVR) of 65% across the portfolio, however, up to 80% may be considered on a case-by-case basis.

A unique feature of the Fund is that the Manager provides a form of capital mitigation and distribution support to meet the Target Returns. The principals of Gemi have invested \$5M in Manager Units which provide a first loss position on any capital losses in the Fund, before Ordinary Unitholders are impacted. Additionally, the Manager Units also provide partial support for the Target Returns each month. The Manager Units do not receive a monthly distribution unless the Ordinary Units have received the Target Return (of 10.5% p.a.) for the month, and any excess return above 10.5% p.a. is distributed to the Manager Units.

Core Property considers the Manager Units to provide a strong alignment of interests as it incentivises the Manager to maintain a high level of returns but also puts the Manager at the forefront for any capital losses.

The current portfolio consists of 37 loans totalling \$62.2M, which effectively means the Manager Units incur the first 8% of capital losses. The portfolio has an average loan maturity of 8.2 months and an average LVR of 60.1%. Given the short term nature of the loans, investors should expect the risk profile of the portfolio to change over time, and the Fund's performance will depend on the Manager's ability to recycle capital, including cash, in conjunction with managing the loan book.

The Manager has confirmed the Fund has consistently paid the Target Return of 10.5% p.a. since inception in April 2019. The Fund has also maintained a 100% preservation of capital for both Ordinary Investors and the Manager Units.

Core Property's rating is based on the Manager's processes and ability to closely manage its loan portfolio to deliver higher returns commensurate with underlying risk. This includes the Manager's ability to fully recover its principal and outstanding interest on any loans in default in order to maintain its track record of capital preservation.

Investor suitability

Core Property considers the Fund would be best suited to wholesale investors who understand the nature of lending into property development and investment projects which provide higher returns with higher risks over a shorter time period. Investors should expect a high yielding income-only return, with no capital gain in unit price. Investors will also appreciate the Manager Units also provide protection for the first \$5M of capital losses, as well as partial support for the Target Distributions for investors. Investors should be aware that, if the \$5M is fully depleted, the Fund will incur a capital loss if any loan amount is not fully recovered, and lower distributions may also be delivered.

Recommended

See the Appendix for a description of our ratings. The above rating must be viewed in the context of comparable Funds and not across all products

Fund Details

Offer Open:	Open-ended
Minimum Initial Investment:	\$25,000
Unit Entry Price:	\$1.00
Application Frequency:	Weekly
Fund Term:	Open
Target return:	10.5% p.a. (net)
Distribution Frequency:	Monthly, within 7 days after the month
Liquidity:	Monthly
Note 1: Investments are restricted to Qualifying investors	

Fund Contact Details

Investor Relations
enquiries@gemi.com.au
02 9157 0710

Fund Website

www.gemi.com.au/the-gemi-fund

Note: This report is based on The GEMI Fund Information Memorandum dated 12 December 2019, together with other information provided by Gemi Investments.

Key Considerations

Boutique investment manager: The Gemi Group was established in 2000 and has since invested in excess of \$2.0B of loans with a strong track record of delivering strong risk-adjusted returns and capital preservation. Management provides a strong combination of financial, legal, accounting, property finance and broad business experience. Gemi's principals are also major investors in their loans, providing an alignment of interest for investors.

Fund history: The Fund was established in April 2019 and has delivered a consistent 10.5% p.a. distribution for investors with 100% preservation of capital.

Fund structure: The Fund is open ended. Investor funds are pooled by the Fund and invested into an underlying portfolio of Sponsor Loans secured by real property mortgages across Australia. The Fund consists of Ordinary Units issued to ordinary investors, as well as Manager Units, which are only issued to entities associated with the Manager.

Manager Units: Manager Units will assume a first loss position and incur capital losses before incurred by Ordinary Units. In addition, the Manager Units: (1) cannot be withdrawn until all Ordinary Units have been withdrawn, (2) will rank behind Ordinary Units in the event of a winding up, (3) will not receive any return in a month unless the Target Return is achieved by Ordinary Units, and (4) will be entitled to any return in excess of the Target Return on Ordinary Units on a given month.

Loan guidelines and criteria: The key loan guidelines ensure risks are adequately managed for expected returns including: (1) loans are required to be secured by first and second ranked mortgages on development, investment or other special use properties in Australia, (2) maximum portfolio weightings to second ranking mortgages of 20%, (3) a maximum LVR of 65%, however, the Manager may opt to consider higher LVRs up to 80% on a case-by-case basis, (4) preferred short loan period of 3-9 months, and (5) target interest rates across the portfolio 12.5%. Default interest is +3%.

Current portfolio: The current Fund portfolio at 31 March 2021 consists of 37 loans totalling \$62.2M with a further \$13.2M in cash. The loans have an average LVR of 60.2%, and an average loan term of 8.2 months, with the majority in first mortgages (80%). Around 70% of the loans are to repeat borrowers, which provides an opportunity for the Fund to reassess the loans regularly. As the loans are short term in nature, investors should expect the portfolio to change over time.

Target Returns: The Fund has a Target Return for distributions of 10.5% p.a. Distributions are paid monthly, in arrears, within 7 business days.

Fees: Core Property considers the fees charged to be at the mid-to-high end of what we have seen in the market for similar private debt funds. We consider the higher fees to be reflective of the higher returns and protective measures currently in place in the Fund.

Investment risks: Core Property is unable to comment on the risks associated with specific loans that the Fund would invest in. The performance of the Fund will depend on, but not be limited to (1) the performance of the Manager, including loan selection and management ability, (2) the solvency and financial position of the Sponsors, (3) risks specific to the property sector in which loans are made, (4) prevailing market conditions specific to the investments, and (5) the cost and availability of debt financing. It is possible that the escalation of any of these risks could affect expected returns.

Liquidity: The Fund provides monthly withdraws for investors. Withdrawals are subject to the financial position of the Fund and available liquidity. If the Fund is able to satisfy a Withdrawal Request, the Investor will be paid their withdrawal proceeds within 2 weeks. Any withdrawal requests that are not able to be met within a month, will automatically roll over into the next month. The Manager has advised that it has met a total of \$14.4M in withdrawals since the Fund was established, with all withdrawal requests being paid within 5 days of the end of the month.

Investment Scorecard

Management Quality



Governance



Portfolio



Income Return



Total Return



Gearing

NA

Liquidity



Fees



Key Metrics

Fund Structure		Fees Paid	
The Fund is an unlisted unregistered managed investment scheme. The Fund aims to provide investors with a high yielding monthly distribution from the financing of debt via first and second mortgages on development and investment properties in Australia.		Entry Fees:	Nil
		Exit Fees:	Nil
		Management Fee:	Nil
		Trustee (Administration) Fee:	1.0% p.a. (plus GST) of Net Asset Value.
		The Manager may also be entitled to additional compensation for cost associated with the lending process (eg establishment fees, underwriting fees, legal fees, valuation costs and administration expenses).	
Management		Portfolio Metrics As at 31 March 2021	
Boutique investment and advisory business which has invested in over \$2.0B of loans with a strong track record of 100% capital preservation and strong risk-adjusted returns. Principals are major investors in the Fund, providing an alignment of interests.		Loan Book:	\$62.2M
		Cash at Bank:	\$13.2M
		Total Portfolio:	\$75.4M
		Portfolio Split (by value):	1st Mortgage: 63.6% 2nd Mortgage: 18.9% Cash: 17.5%
		Weighted Average LVR:	60.1%
		Average Loan Maturity:	8.2 months
		Loan Expiry (by value):	< 6 months: 96.3% 6 - 12 months: 3.7% 12+ months: 0%
		Loan Location (by value):	NSW: 90.9% QLD: 7.2% SA: 1.3% VIC: 0.5% WA: 0.2%
Portfolio Guidelines		Legal	
Investment Strategy:	The Fund invests in first and second ranked mortgage loans secured on development and investment properties.	Offer Document:	The GEMI Fund Information Memorandum dated 12 December 2019
Location:	Australia	Wrapper:	Unlisted Property Debt Fund
Security:	First and second ranked mortgages	Investment Manager:	Gemi Investments Pty Ltd (ACN 626 991 213)
Loan amount:	Up to \$50.0M	Trustee:	Gemi Asset Management Pty Ltd (ACN 092 408 627, AFSL No. 231175)
Loan Term:	<12 months		
Loan to Valuation Ratio:	Max 80%		
Return Profile			
Target Distribution:	10.5% p.a. (net of fees)		
Distribution Frequency:	Monthly, within 7 business days		
Tax:	Tax consequences depend on individual circumstances and investors should seek their own taxation advice.		
Investment Period:	The Fund is open-ended. Investors may submit a withdrawal request every month.		
Risk Profile			
Property/Market Risk:	Investors may be exposed to a potential capital loss if a loan is not repaid and cannot be recovered from the underlying property. Manager Units take the first capital losses of \$5M before Ordinary unitholders are exposed.		
Counterparty Risk:	Investors are exposed if any selected borrower fails to perform their contractual obligations, either in whole or in part, which may affect targeted returns.		
Manager Risk:	The performance of the Fund relies on the ability of the Manager to originate, manage and profitably realise loan investments within a specific period of time.		
Liquidity Risk:	Investors may not be able to recover their investment, if the assets cannot be sold or cannot be converted into cash.		
Valuation Risk:	Valuations of the assets against which loans are provided may not reflect true value, which may impact the manager's ability to recover on any loan in default.		
For a more detailed list of the key risks, refer to Section 4 "Risks" of the Information Memorandum.			

Fund Overview

The GEMI Fund (“the Fund”) is an unregistered managed investment scheme which aims to provide investors with strong regular monthly income from first and second ranked mortgages lending on an underlying portfolio of properties.

The Fund is open-ended and offers wholesale and sophisticated investors the opportunity to invest in a portfolio of first and second ranked mortgage loans secured by real Australian assets. Investors may subscribe for units in the Fund at the current issue price of \$1.00 per unit. The Fund then pools together investor’s funds which is then lent out to borrowers. The net interest received (after costs and expenses) is paid out to investors by way of distributions.

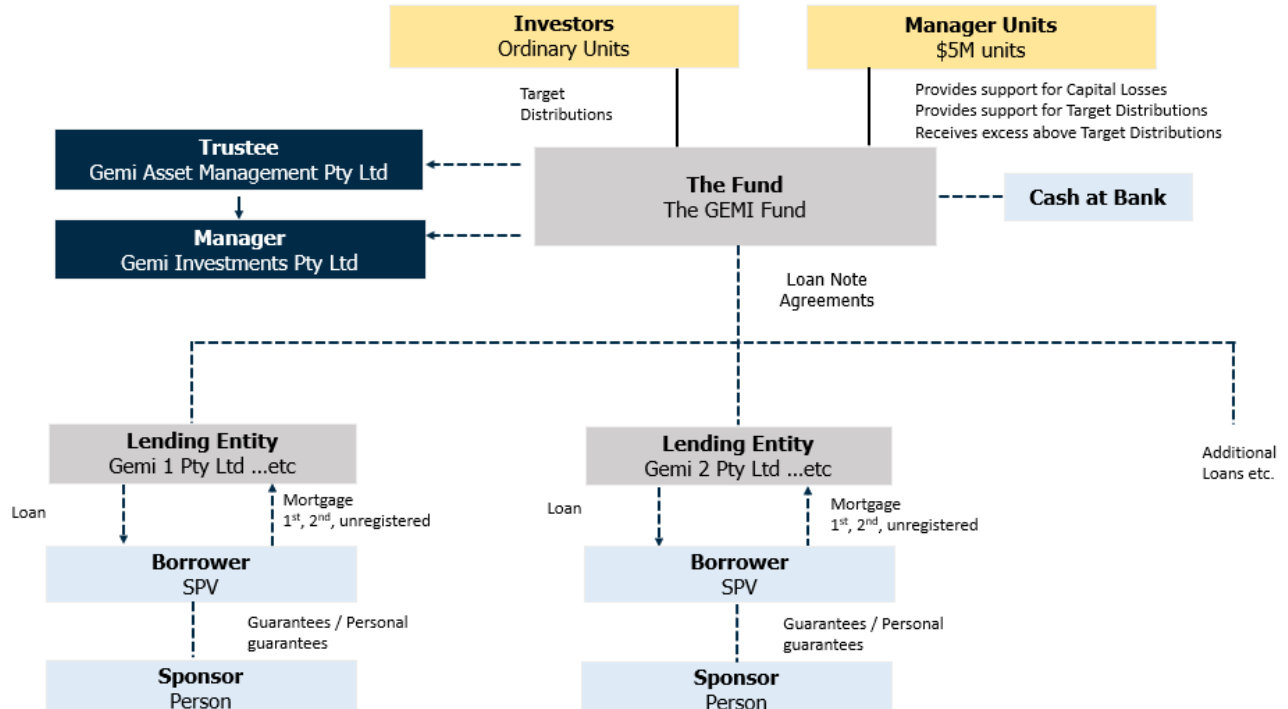
The Fund is available to Qualifying Investors only, with a minimum investment amount of \$25,000. Qualifying investors are defined within the Information Memorandum and includes wholesale and sophisticated investors, and investors who invest \$500,000 or more in the Fund.

The Fund predominantly focusses on first ranking mortgages, with a target allocation of up to 20% in second ranked mortgages. Loans are typically short term in nature (<12 months preferred) which offer relatively attractive returns for a short risk period and provides the Manager the ability to move quickly to secure and sell an asset in the event of default. The Manager has maintained a 100% preservation of capital since the Fund commenced in April 2019.

The Fund has a number of measures in place which provide additional protection for investors. Entities associated with the principals of Gemi have invested \$5M in Manager Units, which will take a first loss position in the event of any capital losses incurred by the Fund. In addition, the Manager Units will use their distribution entitlements to partially underwrite the distributions for Ordinary Units – the Manager Units will not receive any distributions in a month unless the Target Return is achieved by Ordinary Units. Manager Units are, however entitled to any excess returns above the Target Return in any given month.

The Fund has consistently paid a Target Return of 10.5% p.a. since inception, with distributions paid on a monthly basis.

Figure 1: Fund structure



Source: Core Property

The Offer

Investors may apply for Ordinary Units at a Unit Price of \$1.00 per unit ("the Offer"). The Offer is available only to 'Qualifying Investors' as defined in the Information Memorandum and includes wholesale and sophisticated investors as well as investors with \$500,000 or more in the Fund. The minimum investment is \$25,000.

The Fund also has Manager Units on issue, which consist of \$5M issued to entities associated with the principals of Gemi. The Manager Units essentially provide additional protection for Ordinary investors for both capital and income, as follows:

- Manager Units will assume a first loss position and act as a buffer in the event of any capital losses being incurred by the Fund,
- Manager Units cannot be withdrawn until all Ordinary Units have been withdrawn from the Fund,
- Manager Units will rank behind Ordinary Units in the event of a winding up, so that they can only be redeemed once all Ordinary Units have been redeemed at the prevailing Unit price in accordance with the Constitution,
- Manager Units will not receive any returns in a month unless the Target Return is achieved by Ordinary Units, and
- Manager Units will be entitled to any return in excess of the Target Return on Ordinary Units in a given month.

Core Property considers the Manager Units to be a key feature of the Fund. The Manager Units effectively incentivise the Manager to deliver the Target Return as the Manager Unitholders will be impacted by any shortfall in the Target Return as well as the first \$5M of any capital losses.

Unit Pricing

The Unit Pricing is defined by the Constitution of the Fund and is calculated by taking the underlying value of the Fund's assets adjusted for any transaction costs incurred and subtracting accrued income. The amount is divided by the aggregate number of units in the Fund (Ordinary and Short-Term units). Manager Units are excluded from the calculation. The Unit Price does not take into account accrued income which unitholders are entitled to receive as a monthly distribution.

Core Property notes the Unit Price has remained at \$1.00 per unit since the Fund was established in May 2019, with the Manager maintaining a 100% preservation of capital since inception.

Investors should be aware that debt funds, by definition, are exposed to a loss of capital if the Fund is unable to fully recover the principal loan amount. In such instances, the Manager Units are expected to take up the first loss position of up to \$5M on the portfolio before Ordinary Units would be affected. Thereafter, the Unit Price may fall below \$1.00 per unit, which would impact investor returns.

Liquidity / exit strategy

The Fund provides Investors with the opportunity to withdraw from the Fund every month via the submission of a Withdrawal Request at least seven days prior to the last Business Day of a Month.

Provided the Fund is able to satisfy a Withdrawal Request, the Investor will be paid their withdrawal proceed within 2 weeks of the end of the Month. If the Trustee is unable to accept all Withdrawal requests in a given month then it may satisfy requests on a pro-rata basis. Any remaining units will rollover into the following month, and subsequent months, and be redeemed in priority to any new withdrawal requests.

The Manager has advised that as at March 2021 it has completed a total of \$14.4M in withdrawal requests since inception and has satisfied all withdrawal requests within 5 days of the end of the month.

Loan Characteristics & Approval Process

The IM sets out the lending guidelines for the Manager and Lending Entity which is summarised in the tables below. The Manager is responsible for overseeing the mortgage lending business carried on by the Lending Entity. The Manager will ensure at all times that the risk-reward profile of each Sponsor Loan is appropriate, with consideration for the quality and value of the loan, underlying security and risk analysis process. All approval decisions will be judged on the basis of risk-adjusted returns over the term of the Sponsor Loan.

Figure 2: Lending Guidelines & Loan Approval Process

Lending Guidelines	
Loan Amount	<ul style="list-style-type: none"> The Gemi Group indicates that investments will typically target a loan size of between \$1.0M to \$50.0M for first ranked mortgages. Second Mortgage Loans – the maximum exposure amount must not exceed 20% of the Net Asset Value of the Fund.
Term	<ul style="list-style-type: none"> The Term for an individual loan (Sponsor Loan) is expected to be between 3 months and 9 months.
Interest	<ul style="list-style-type: none"> To be determined between the Manager and the Sponsor on a case-by-case basis, consistent with prevailing market rates. Anticipated to be 12.5% p.a. based on historical loans. The default interest payable by borrowers to Gemi must not be less than 3% p.a. above the agreed interest rate on any amounts not paid when due and payable. Default interest will be compounded monthly on the last Business Day of each calendar month.
Security	<ul style="list-style-type: none"> The Lending Entity must be granted a real property mortgage over one or more properties located in Australia owned by the Sponsor (or related party) to secure repayment of the loan. Each Real Property Mortgage must be, at minimum, a second ranking mortgages, however, in limited circumstances, a caveat may secure a Sponsor Loan. In most instances, the Lender would take additional security in the form of personal or directors' guarantees.
Loan to Valuation Ratios (LVR)	<ul style="list-style-type: none"> Sponsor Loans are expected to be advanced at up to 65% LVR, however, in special circumstances, may be offered up to a maximum individual LVR of up to 80%. Approvals based on LVRs will be considered on a case-by-case basis.
Valuation	<ul style="list-style-type: none"> The security property for all Sponsor Loans must be independently valued for suitability and market value.
Loan Approval Process	
Sourcing of loans	Loans will be sourced primarily from brokers, referrers and direct relationships with developers.
Preliminary Assessment	All Sponsor loan investment decisions will be based on risk-adjusted returns over the term of the loan. The assessment takes into account a set of criteria which includes the available security, the precise nature of the security property, loan to valuation ratio and evidence of the capacity to service the loan and repay on time.
Risk Assessment	<p>The Manager assesses the loan across three broad categories:</p> <ul style="list-style-type: none"> <u>Security/Development Risk</u> – assessment of the character and geographic suitability of the security property, the proposed capital expenditure for the development and a number of extraneous factors such as permissible usage, competition and the appeal and demand for the development asset. <u>Servicing Risk</u> – the ability of the Sponsor to meet loan commitments, which focusses on the income and cash flow sources of the Sponsor. <u>Saleability</u> – the exit strategy at loan conclusion, including (1) the ability of the Sponsor to sell the property, (2) the end value of the asset, and (3) the ability of the Borrower to refinance the loan.
Approval	Once a formal offer is made and accepted by the prospective borrower, the Manager is responsible for the day-to-day and ongoing management of the loan, providing reports to the Trustee in relation to both individual and portfolio loan performance, including in respect of payment and collection of interest and compliance with loan covenants and conditions.
Documentation	<ul style="list-style-type: none"> Loan agreement (terms and conditions acceptable to Fund/ Manager). Financial documents prepared and reviewed as per lending requirements. In the event of construction funding, normal development funding conditions such as receipt of independent engineers and/or quantity surveyors report confirming costs, expenses and cost of completion will be required before any loans are made. Certified property valuation report by an approved valuer.
Source: Gemi Group	

Loan Default: In the event of a default, the Manager will be responsible for default management and commencing recovery action against the defaulting Sponsor. The Manager typically pays a default interest rate which is 3.0% p.a. above the current interest rate on the loan.

Investors should note the Fund has a Target Return of 10.5% p.a. for Investors. If the Fund achieves a higher return, whether through a default interest rate or otherwise, the Manager Units are entitled to the excess return. Core Property considers this to be appropriate on the basis that the Manager Units also assume a first loss position of at least \$5M on any capital losses incurred by the Fund. We view the risk of capital loss on Manager Units as a key incentive for the Manager to maintain strong risk management controls on the loan portfolio.

Investors should be aware that in the event that the value of Manager Units have been depleted, any further losses will result in a reduction in the Unit price and a loss in investor's capital.

The Manager has advised that, as at 31 March 2021, the Fund has maintained a 100% preservation of capital for both Manager Units and Ordinary Units. As such, the full amount of the capital protection from Manager Units remains in place for investors.

Fees Charged by the Fund

The fee structures in the mortgage and property funds industry vary widely depending on the fund style, the underlying structure of a fund, and the complexity of the product. In a few instances, investors are charged no fees, but a fund might disclose just the net return per annum to investors. In such cases, the Manager effectively takes the spread between what the borrower pays and what is paid to investors.

In other instances, Managers charge transactional costs to the investor and in other instances, transactional costs are charged to the borrower. As such, it is difficult to provide a meaningful analysis of the Fund's fee structures in relation to industry averages.

The Fund charges a Trustee Fee of 1.0% p.a. of the Gross Asset Value of the Fund. Any expenses and costs incurred by the Trustee must be reimbursed out of this Trustee Fee. Core Property notes the following:

- The fee structure of the Fund is designed to provide a Target Return of 10.5% p.a. (net) for Ordinary Investors. The Manager may at times, receive a higher or lower return by way of the Manager Units. Whilst this higher or lower return is not classified as a fee, it nonetheless represents a return that the Manager receives for bearing the risk of the Manager Units.
- Investors should also note that the Manager is entitled to additional compensation by way of costs associated with the lending process (eg establishment fees, underwriting fees, legal fees, valuation costs and administration expenses). These fees are paid directly by a Borrower and are not an additional cost to Investors in the Fund. The fees also do not include any fees or indirect costs and expenses incurred in the preserving, exercising, protecting or enforcing the Lender's rights under a loan agreement.

Given the range of fee structures, Core Property has attempted to look at an all-in fee payable to the Manager from an industry perspective where we have seen an estimated range is 0% - 5% of net assets being charged. Whilst each loan agreement will have a separate fee structure, we estimate the average all-in fee payable to the Manager to be at the mid-to-high point of the industry fee range. Core Property considers the fee structure to be reflective of the returns delivered by the Fund.

Figure 3: Summary of Fees charged by the Fund

Fee Type	Fee Charged	Core Property Comment
Management Fee	Nil	
Trustee (Administration) Fee:	1.0% p.a. of the Fund's Gross Asset Value. Calculated daily and paid monthly.	Core Property considers the fee to be appropriate.
Expenses	Expenses incurred by the Fund will be reimbursed out of the Trustee Fee	

Note: The Trustee may, by discretion, accept lower fees and expenses than it is entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid. **Source:** Gemi Group

Loan Portfolio

The current portfolio is valued at \$75.4M with \$62.2M (82.5%) in loans and \$13.2M (17.5%) held in cash. The loans are predominantly first ranked mortgages (77%) spread across 37 loan facilities (22 first ranked), with a weighted average LVR of 60.1%. Additionally, 24 of the loans are with repeat borrowers with the largest loan accounting for 14.6% of the portfolio.

A key feature of the Loan portfolio is the short duration of the loans, with an average term of 8.2 months. The current loans have terms of between 1.0 – 12.5 months, with only two loans being above 12 months. Due to the short maturity dates, investors should expect the risk profile to change and the performance of the portfolio will be depend on the Manager's ability to recycle capital, including cash, in conjunction with managing the loan book.

Core Property notes the portfolio has 4 loans which have an LVR above 80%. The Manager has advised that these loans were originally written at an LVR of 80% or lower and have, over time, increased to LVR levels of 88% - 99%. The Manager actively monitors and manages the loans and currently expects these loans to be fully paid out by June 2021. A summary of the current loan portfolio is provided below.

Figure 4: Portfolio Summary – as at 31 March 2021

Loan	State	Mortgage Type	Loan Amount \$M	LVR ¹	Loan Expiry	Portfolio Weight	Repeat Borrower
Loan 1	NSW	2nd	\$6.0	75%	April 2021	9.6%	Repeat
Loan 2	NSW	2nd	\$1.6	53%	April 2021	2.6%	
Loan 3	NSW	2nd	\$0.3	39%	May 2021	0.5%	
Loan 4	NSW	1st	\$0.5	88%	June 2021	0.7%	Repeat
Loan 5	NSW	1st	\$2.7	58%	April 2021	4.4%	Repeat
Loan 6	NSW	1st	\$1.5	51%	April 2021	2.4%	Repeat
Loan 7	VIC	2nd	\$0.3	60%	June 2021	0.5%	Repeat
Loan 8	NSW	1st	\$4.5	61%	June 2021	7.3%	Repeat
Loan 9	NSW	2nd	\$0.2	71%	June 2021	0.2%	
Loan 10	NSW	2nd	\$0.2	76%	May 2021	0.4%	Repeat
Loan 11	NSW	1st	\$0.1	93%	June 2021	0.1%	Repeat
Loan 12	NSW	1st	\$1.1	75%	April 2021	1.8%	
Loan 13	NSW	1st	\$1.1	60%	May 2021	1.7%	
Loan 14	SA	1st	\$0.5	79%	April 2021	0.8%	Repeat
Loan 15	SA	1st	\$0.3	89%	April 2021	0.5%	Repeat
Loan 16	NSW	1st	\$0.7	58%	June 2021	1.1%	Repeat
Loan 17	NSW	2nd	\$0.2	99% ²	May 2021	0.3%	Repeat
Loan 18	NSW	2nd	\$0.0	79%	June 2021	0.0%	
Loan 19	NSW	1st	\$9.1	53%	April 2021	14.6%	Repeat
Loan 20	NSW	2nd	\$2.2	70%	June 2021	3.6%	Repeat
Loan 21	WA	2nd	\$0.1	53%	May 2021	0.2%	
Loan 22	NSW	1st	\$0.0	40%	June 2021	0.0%	
Loan 23	NSW	2nd	\$0.5	54%	May 2021	0.7%	
Loan 24	NSW	2nd	\$0.5	71%	June 2021	0.8%	
Loan 25	QLD	1st	\$1.0	71%	April 2021	1.6%	Repeat
Loan 26	NSW	1st	\$4.3	67%	May 2021	6.8%	Repeat
Loan 27	NSW	1st	\$0.8	72%	May 2021	1.3%	
Loan 28	NSW	1st	\$7.8	57%	June 2021	12.5%	
Loan 29	NSW	2nd	\$1.7	63%	May 2021	2.8%	Repeat
Loan 30	QLD	1st	\$3.5	51%	June 2021	5.6%	
Loan 31	NSW	1st	\$2.1	35%	May 2021	3.4%	Repeat
Loan 32	NSW	1st	\$4.1	59%	May 2021	6.6%	Repeat
Loan 33	NSW	1st	\$0.1	59%	May 2021	0.2%	Repeat
Loan 34	NSW	2nd	\$0.1	68%	April 2021	0.2%	Repeat
Loan 35	NSW	2nd	\$0.4	65%	April 2021	0.6%	Repeat
Loan 36	NSW	1st	\$2.2	50%	Feb 2022	3.6%	Repeat
Loan 37	NSW	1st	\$0.1	49%	Feb 2022	0.2%	Repeat
Loan Portfolio			\$62.2	60.1%		82.5%	
Cash & equivalents			\$13.2			17.5%	
Total Portfolio			\$75.4				

Note 1: Based on Total LVR exposure to Gemi. Note 2: LVR is 99% including the value of Management Rights for the underlying property asset, or 104% excluding the Management Rights. Source: Gemi investments

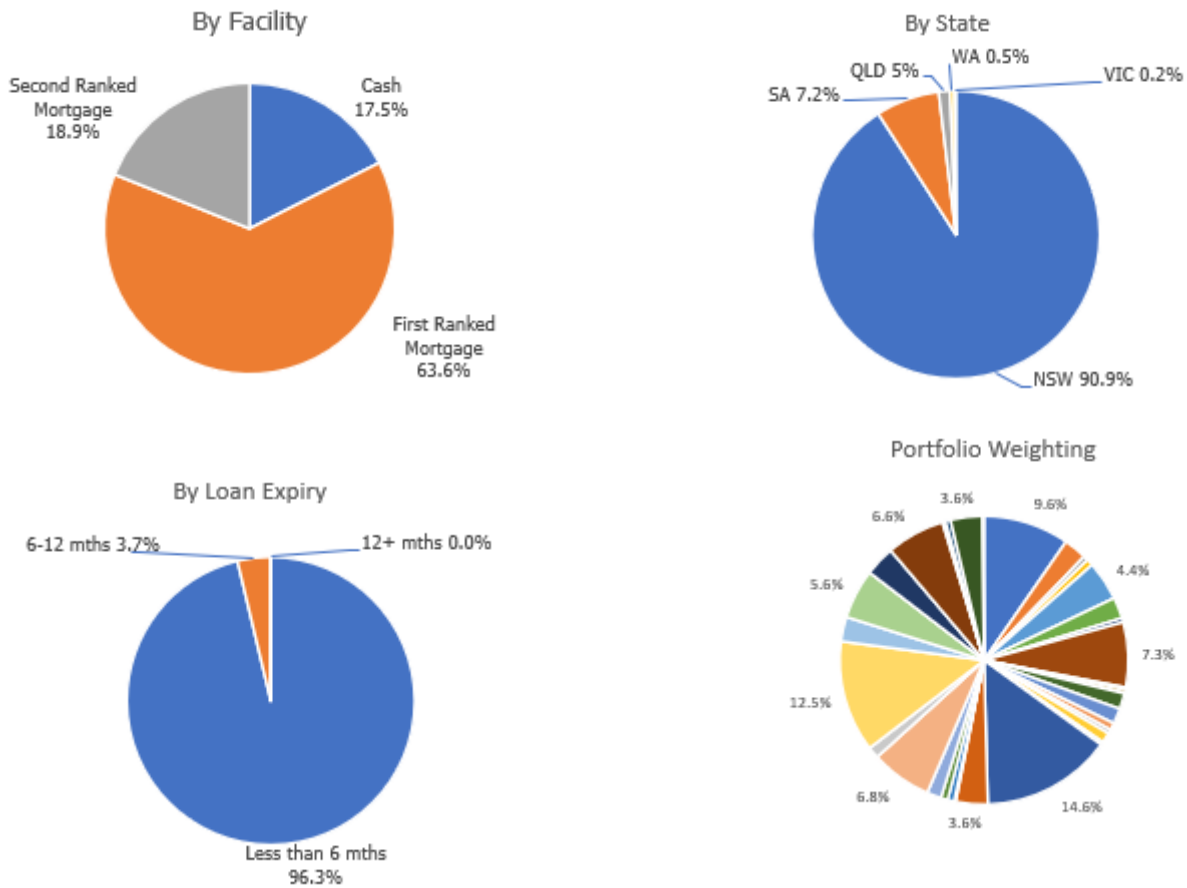
Diversification

The current portfolio is largely focused on first mortgage loans in NSW. The top 10 loans account for 74.5% of the portfolio.

Whilst the loans are short term in nature, the portfolio has a high proportion of repeat borrowers which permits the Manager to reassess the loan terms more regularly and reassess the risks.

The following figures provide a summary of the split of loans across the current portfolio.

Figure 5: Portfolio Diversification



Source: Gemi Group

Management & Corporate Governance

Background of the Trustee & Fund Manager

The Trustee, Gemi Asset Management Pty Ltd, and Manager, Gemi Investments Pty Ltd are subsidiaries of boutique investment and advisory firm, Gemi Group. Since inception in 2000, Gemi Group has been involved in over \$2.0B of private debt investments predominantly spanning real property mortgages. Over this time, Gemi has built a strong track record of returns and capital preservation, with no investors having experienced a capital loss.

Management of the Fund

Management of the Fund is undertaken by a team with complementary experience in financial services, auditing, property finance, property development and construction as well as broad business experience. A summary of key management personnel is provided in the table below.

Figure 6: Gemi Group Management team

Name & Role	Experience
Michael Cooper Principal	Michael holds extensive experience in business management and operations, having been the CEO of The Athlete's Foot for 15 years, prior to joining Gemi Group. Under his leadership, the company expanded into the leading footwear-only retailer in Australia, achieving over \$200M in revenue, 1,500 in employed staff and 140 operating stores. The company listed on the ASX in 2004 with Michael occupying a seat on the parent board. Michael holds an MBA from the Macquarie Graduate School of Management.
Justin Epstein Principal	Justin was a founder of One Investment Group, which provides fiduciary and administration services to fund managers. Since inception in 2009, Justin built the business to be the third largest provider in the Australian market, servicing over 300 funds and \$40B in assets under management. Justin has also accrued experience as an Investment Director at LJCB Investment Group, Head of Corporate Finance for Global Aviation Asset Management and further strategy and corporate finance roles at a major Australian investment bank and EY. Justin holds a Bachelor of Commerce (Distinction) from the University of New South Wales and is a fellow of the Financial Services Institute of Australia.
George Fleming Principal & Founder	George founded Gemi Group in 2000 to focus on investing his clients' and his own wealth in debt opportunities. Prior to this, he operated his own accounting practice called George Fleming and Associates, and later Fleming and Moynihan which he built up to 30 staff before selling the business in 2000. George is a Fellow of the Institute of Chartered Accountants.
Brendan Bond Investment Director	Brendan has over 20 years' experience in banking and restructuring. Prior to joining Gemi Group, he spent 10 years in banking originating senior and mezzanine real estate loans as a Director for Westpac and Varde Partners. Before working in banking, Brendan was formerly a Senior Manager at McGrathNicol focusing on restructuring and Advisory. He is a Chartered Accountant and holds a Bachelor of Commerce from the Australian National University.
Michael Glatter Head of Investor Relations	Prior to joining Gemi Group, Michael worked at One Investment Group for 10 years as one of the key persons responsible for the delivery of premium services to clients and investors. He has previously held a number of senior management roles in SME businesses with a focus on key account management and product and service delivery. Michael holds a Bachelor of Business Administration from the Australian Catholic University and has completed his RG 146 accreditation.
Sylvie Partridge Head of Registry	Sylvie has over 20 years' experience in the financial services industry, predominantly within funds management. Prior to joining Gemi Group as Head of Registry, Sylvie spent 7 years at LINK Market Services where she managed a range of the operations relating to unit registry. Following this, she joined Certitude Global Investments where she enjoyed a diverse exposure to legal, compliance and operational business components. Sylvie holds a degree in Accounting from Monash University.

Danielle Paterson
Operations Manager

Danielle joined Gemi Group in 2004 where she was responsible for the operations of the Group, assisting in the management of the business and the growth of its loans under management from \$20M to over \$390M. Prior to joining Gemi Group, she worked at Wizard Home Loans as their Marketing Manager for 4 years and has worked at a number of banks including Commonwealth Bank of Australia, SBC Brinson and ING. Danielle also holds a Bachelor of Commerce from Macquarie University and a Masters of Marketing from the University of Technology Sydney.

Reegan Piper
Investment Manager

Prior to joining Gemi Group, Reegan spent 3 years abroad in Toronto, Canada, working within the Development Finance Group for a large non-bank mortgage lender, MCAP. MCAP is one of Canada's largest independent mortgage finance companies with in excess of \$100B in assets under management. At MCAP, Reegan was responsible for the analysis, underwriting and ongoing management of residential development and construction loans for deal sizes up to \$150M. He has also held roles as an Analyst for Balmain Commercial, a commercial and residential property mortgage broker, and Deloitte Brisbane. Reegan holds both a Bachelor of Commerce and Economics from the University of Queensland.

Hamish Tweedy
Head of Credit

Hamish has over 20 years' experience in property finance and funds management. Prior to joining Gemi Group, he established and managed the Indigenous Real Estate Investment Trust on behalf of Indigenous Business Australia, where he was responsible for all aspects of running the Fund. Hamish has also held roles involved with loan portfolios at Westpac, ANZ, non-bank lender Ashe Morgan, NAB and Monte Paschi Australia.

Danielle Warren-Smith
Finance Manager

Danielle has in excess of 15 years' financial services experience across wealth management, private equity and corporate advisory roles gained across a number of banks and consultancy and advisory businesses. These include roles at EY, Macquarie Bank as well as a number of SMEs, start-ups and multi-national companies. Danielle holds a Bachelor of Commerce (with Honours), a Diploma of Financial Planning, Diploma in Financial Markets and Instruments and is a member of the Institution of Chartered Accountants Australia and New Zealand.

Source: Gemi Group

Past Performance

The Manager has advised that, since inception in May 2019, the GEMI Fund has consistently delivered a Target Return of 10.5% p.a., with distributions paid monthly. Ordinary investors have maintained 100% capital preservation with no investors having experienced a capital loss.

Appendix – Ratings Process

Core Property has developed a framework for rating property and property related investment product offerings in Australia. The methodology gives consideration to a number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: product and underlying portfolio construction; strength and depth of management team, product structure, risk management, financial analysis, and likely outcomes.

It is important for financial planners and investors to view the recommendation and rating in the context of comparable products only and not across all products rated by Core Property.

The Ratings

Financial Advisers and investors should note that for all ratings categories, the product may not suit the risk/return profiles of all investors.

Rating	Definition
Highly Recommended	This is the highest rating provided by Core Property and is indicative of the product exceeding the requirements of our review process across a number of parameters.
Recommended	Indicates that the product has an above average grade profile across a number of Core Property's parameters and has the potential to deliver above average risk adjusted total returns.
Approved	Indicates that the product has met the aggregate requirements of Core Property's criteria. The product has an acceptable risk/return trade-off and is potentially able to generate risk-adjusted returns in line with stated investment objectives.
Speculative	Core Property believes this is a product that has a number of positive attributes; however, there are a number of risks that make investing in this product a speculative proposal. While Core Property does not rule out investing in this product, investors should be very aware of, and be comfortable with the specific risks. The product may provide unique diversification opportunities, although concerns over one or more features mean that it may not be suitable for most investors.
Not Approved	Indicates that the product has failed to meet the minimum aggregate requirements of Core Property's criteria. While the product may have some positive attributes, Trusts in this category are considered high risk.

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