

One Lending Fund

Quarterly Investment Report Sep 2023

N1H

Fund Manager COMMENTARY

The official rate of Australia now targets 4.15% per annum, as determined by the Reserve Bank of Australia. We are not in the position to speculate the terminal rate, your manager will not deviate from the current risk management framework which as been working since inception. Whilst there is a general consensus among economists that there might be further increases beyond the peak rate, we don't expect significant disruption to the real estate sentiment, an essential element to our risk management approach as a property financier. The Australian property market is liquid in repricing market sentiment, and our portfolio of average loan term standing at 288 days reflect the resilience of our fund to react to market forces. As usual, the portfolio of the fund is heavily weighted towards residential properties, as a safety measure against rising mortgage and valuation stress in the commercial property market, as evidenced by funds focused on commercial properties or niche purpose properties are taking action to freeze redemptions. A few key metrics demonstrated at the later part of this report reflects the overall margin of safety of our investment. To summarize the "moat" of our investment, the portfolio has very comfortable level of equity (weighted average LVR), at strong resilience to market forces (average loan term), with diversified risks via granular average loan size, at a scale (aggregated loan book) large enough to buffer against the unlikely event of arrears and defaults.



Lending PERFORMANCE

WEIGHTED AVERAGE LOAN to VALUE RATIO

The weighted average LVR is lower than 65%, which remains below the threshold. There is ample preserved equity at 38.7% (due to the weighted average LVR of 61.3%), serving as a buffer against fluctuations in property values. All valuations are conducted by certified independent valuers approved by the investment committee.

AVERAGE LOAN TERM

The current average loan term size is less than one year. There has been a slight reduction in the average loan term for the quarter. All approved extensions undergo a thorough assessment by our credit managers and are treated as new applications.

AVERAGE LOAN SIZE

The average loan size dropped by 4.84% to \$1.77 million from the previous quarter. A granular loan size strategy represents diversified risks. The credit policy sets a maximum loan limit of \$7 million per security. The current average loan size comfortably stays below the maximum allowable limit, demonstrating a conservative approach to risk assessment.

AGGREGATED LOAN BOOK

The cumulative aggregated loan book has grown to \$102.2 million since inception. Of this total, 64.8% is deployed in NSW, 24.8% in VIC, 7.6% in QLD, 1.9% in ACT and 1.0% in SA. Among the deployed loans, \$91.1 million have been successfully closed with zero loss. The investment committee will exercise prudent risk management practices when assessing security locations nationally.

INVESTMENT OVERVIEW

Type of Fund	Mortgage Fund
Fund Start	Sep 2018
Target Size	50 Million AUD
Investor Requirement	Wholesale Investors Only
Term of Investment	6 months / 1 Year / 2 Years
Distributions	Quarterly in Arrears
Management Fee	Nil
Fund Manager	N1 Asset Management AFSL 477879
Legal	Piper Alderman
Auditor	SW Audit

WEIGHTED AVERAGE LVR

61.32%

AVERAGE LOAN TERM

288 days

AVERAGE LOAN SIZE

\$1.77M

AGGREGATED LOAN BOOK

\$102.2M

SINCE FUND INCEPTION

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sample securities held by ONE LENDING FUND



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