AUSTRALIAN

RESEARCH

INDEPENDENT INVESTMENT RESEARCH

MA Financial Group

MA Secured Real Estate Income Fund

July 2021

INDEPENDENT INVESTMENT RESEARCH

WHO IS IIR?

Independent Investment Research, "IIR", is an independent investment research house based in Australia and the United States. IIR specialises in the analysis of high quality commissioned research for Brokers, Family Offices and Fund Managers. IIR distributes its research in Asia, United States and the Americas. IIR does not participate in any corporate or capital raising activity and therefore it does not have any inherent bias that may result from research that is linked to any corporate/ capital raising activity.

IIR was established in 2004 under Aegis Equities Research Group of companies to provide investment research to a select group of retail and wholesale clients. Since March 2010, IIR (the Aegis Equities business was sold to Morningstar) has operated independently from Aegis by former Aegis senior executives/shareholders to provide clients with unparalleled research that covers listed and unlisted managed investments, listed companies, structured products, and IPOs.

IIR takes great pride in the quality and independence of our analysis, underpinned by high caliber staff and a transparent, proven and rigorous research methodology.

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IIR restricts research analysts from performing roles that could prejudice, or appear to prejudice, the independence of their research.

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Other permitted activities: Analysts may be consulted by Firm sales personnel on matters such as market and industry trends, conditions and developments and the structuring, pricing and expected market reception of securities offerings or other market operations. Analysts may also carry out preliminary due diligence and vetting of issuers that may be prospective research clients of ours.

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THIS IS A COMMISSIONED RESEARCH REPORT.

The research process includes the following protocols to ensure independence is maintained at all times:

1) The research process has complete editorial independence from the company and this is included in the contract with the company;
2) Our analyst has independence from the firm's management, as in, management/ sales team cannot influence the research in any way;
3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

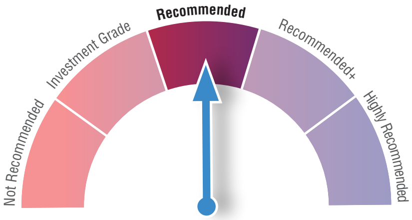
For more information regarding our services please refer to our website www.independentresearch.com.au.

INDEPENDENT INVESTMENT RESEARCH

MA Secured Real Estate Income Fund

Note: This report is based on information provided by MA Investment Management Pty Ltd as at April 2021.

Rating



Key Investment Information

Name of Fund	MA Secured Real Estate Income Fund
Investment Manager	MA Investment Management Pty Ltd
Responsible Entity	MAAM RE Limited
Custodian	Certane CT Pty Limited
Administrator	Alter Domus Australia Pty Ltd
Investment Type	Unlisted Unit Trust
Fund Term	Open-ended Trust
Unit Issue Price	$1.00 per unit
Minimum Investment	$10,000
Target Distribution (net of fees), p.a	Cash Rate + 5.0%
Redemption Notice	30 day notice period with redemptions paid after the end of each calendar month
Distribution Policy	Monthly
Management Fee (p.a)	1.03% of NAV (incl. GST & RITC)
Estimated costs & expenses (p.a)	0.16% of NAV
Responsible Entity Fee (p.a)	na
Buy/Sell Spread	na
Offer Document	Product Disclosure Statement

Fees Commentary

The fees are in line with broad averages for retail funds that offer access to this style of investment.

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

OVERVIEW

The MA Secured Real Estate Income Fund (the "Fund") is an unlisted unit trust for retail investors that seeks to provide exposure to a diversified portfolio of loans secured by a first lien mortgage on Australian residential and commercial property. The Responsible Entity (RE) of the Fund is MAAM RE Limited, who has appointed MA Investment Management Limited (the "Manager") as the Investment Manager. The Fund seeks to provide a regular monthly distribution equal to the RBA Cash Rate + 5.00% p.a (net of fees and costs). We note that this is a target only and may not be achieved. The Manager will invest in a portfolio of first lien loans over Australian real property with a target weighted portfolio LVR of 60% and a maximum loan LVR of 65%. The loans will be short-to-medium term in duration with a maximum loan term of 24 months and a targeted weighted average loan term of approximately 12 months. The restriction to first mortgage loans is an important point, as the difference between first and second mortgages is considerable. Under a first mortgage, at all times, the Manager retains control of the loan and is aware, through monitoring and either direct or indirect contact with the borrower, the status of the loan. This level of control, information flow, and ability to act can be considerably greater than that of a second mortgage. The Manager will be paid an annual fee of 1.03% (including GST & net of any RITCs) and the Fund will incur other costs and expenses in relation to the operations of the Fund and the investment strategy. The Responsible Entity is entitled to be paid fees, however has waived its entitlement to receive fees.

The Fund is newly established and therefore has no performance history. While the Fund has no history, it will seek to provide retail investors access to an investment strategy that has been available to wholesale investors since April 2018, through the MA Secured Loan Series. The Manager has delivered on the target returns in the MA Secured Loan Series to date. This bodes well for the Manager's ability to deliver on the Target Return of the Fund.

INVESTOR SUITABILITY

The investment strategy seeks to take advantage of the growing pool of borrowers seeking loans outside of traditional bank channels. Changes to regulatory and prudential requirements has seen the banks tighten lending requirements with banks either withdrawing or seeking more onerous terms and conditions from lenders from certain market segments. This has created an opportunity for non-bank lenders to increase their market share and provide investors with an alternative fixed income investment option to traditional fixed income investments such as cash, term deposits and bonds. An investment in the Fund is suitable for those investors that are seeking a regular monthly income that generates a premium to cash and term deposits, with the appetite to take on the additional risks associated with the Fund. The Fund is expected to have a low level of capital and distribution volatility and may offer diversification to an investors existing portfolio. The Fund offers limited liquidity, therefore is not a suitable investment for those that require readily available access to their capital. Under normal market conditions and where the Fund is liquid, the Manager may redeem all or part of an investment with a 30 day notice period, by providing a redemption notice prior to the end of a calendar month. Under the constitution, the maximum period for redeeming units of an accepted redemption request is 545 days (18 months).

RECOMMENDATION

IIR has assigned a **Recommended** rating to the MA Secured Real Estate Income Fund. The investment strategy is managed by an experienced team and a Manager with an established history in the property sector. The Fund is newly established, however will invest capital raised using the same investment strategy that is employed by the MA Secured Loan Series. We note that during the initial ramp-up (capital raising) phase, the portfolio will be concentrated, increasing the risks associated with the portfolio during this phase. Since inception of the MA Secured Loan Series in April 2018, the Manager has delivered on its performance objective (as set out in the MA Secured Loan Series Information Memorandum, February 2021), although declining interest rates and a reduction of the risk in the portfolio has seen the return expectations being revised downward. Based on the Fund's maximum loan LVR of 65%, the value of the properties that the Fund has loans secured against, would have to fall by 35%+ for the capital value to be impaired. While a decline of this extent could happen, this would represent a significant decline for the Australian property market.

SWOT ANALYSIS

Strengths

- The Fund is newly established and therefore does not have a performance history, however, the Fund will employ a similar investment strategy to the MA Secured Loan Series offered to wholesale investors, which was established in April 2018. Since its inception, the MA Secured Loan Series has delivered on performance objectives, meeting the targeted rate of return under both the single and dual unit structures. We note the target return for the MA Secured Loan Series is fixed, unlike the Fund's target return. The declining interest rate environment and risk mitigation has seen the target rate of return revised downwards.
- All loans are secured by a first lien mortgage and are backed by personal and/or corporate guarantees, except in limited circumstances where additional recourse is not provided or is limited.
- We view the Fund to offer a good risk-adjusted return given the Fund is at the lower-end of the risk spectrum with a maximum LVR of 65%.
- The Manager has historically provided a high degree of transparency in relation to the strategy, loan book and performance, assisting investors to make an informed assessment of the Fund's risk.
- As an organisation as well as its key principles in the business, MA Financial Group has a strong pedigree and long history in both residential and commercial real estate investing. The Manager also has a history of co-investing alongside investors, serving to further increase an alignment of interest with investors.
- The Manager will utilise their access to investments through their existing MA Secured Loan Series strategy to provide unitholders in the Fund a return from the commencement of the Fund. Typically, new funds would experience no returns or diluted distributions while capital is deployed.
- The Manager has not experienced a capital impairment for the MA Secured Loan Series strategy since it's inception in April 2018. We note past performance is not a reliable indicator for future performance.

Weakness

- Given the nature of the underlying investments, the Fund offers limited liquidity. Unitholders may not be able to withdraw their investment in a timely manner.
- While the key members of the investment team have significant market experience, the team as a whole has been with the Manager for a short period of time and we view key man risk as high.
- During the ramp-up phase of the Fund, the portfolio will be concentrated with an initial target portfolio of five loans.

Opportunities

- With interest rates at all time lows, fixed income investments provide the potential to offer attractive incremental spreads on a risk-adjusted basis when managed by an adept and proven Manager.
- The Fund provides investors the opportunity to diversify their investment portfolio with a fixed income investment, the strategy in which has had historically low levels of capital and income volatility and achieved its objectives of providing a regular monthly distribution.

Threats

- There is increasing competition in the second tier, non-conforming loan market due to the growing market opportunity. Increased competition has the potential to adversely impact returns over the medium-term.
- As an open-ended structure, there is the potential for distribution yield dilution risk if the cash flow process is not managed carefully. We note the Manager has managed this process with existing strategies to date to ensure yield dilution risk is minimised and the performance objectives of the strategies are not compromised.
- Loan impairments may adversely impact distributions paid to investors. The Manager has a strong track-record in this regard to date. The restriction to first mortgage loans has been integral to this strong track record. Under a first mortgage, at all times, the Manager retains control of the loan and is aware, through monitoring and either direct or indirect contact with the borrower, the status of the loan.
- There is the potential for conflicts of interest to arise given the Manager is a wholly owned subsidiary of the RE and the Fund may enter into related party transactions with the parent company, MA Financial Group, and other funds managed by the Manager.

PRODUCT OVERVIEW

The MA Secured Real Estate Income Fund (the "Fund") is an unlisted unit trust for retail investors that provides exposure to an actively managed portfolio of loans secured by a first lien mortgage on Australian residential and commercial property.

MAAM RE Limited (the RE of the Fund) has appointed MA Investment Management Pty Limited as the Investment Manager of the Fund. The Manager is a wholly owned subsidiary of the RE, who in turn is a wholly owned subsidiary of MA Financial Group Limited (ASX: MAF).

The Fund will invest using the same investment strategy offered to wholesale investors through the MA Secured Loan Series, which was established in April 2018. Similar to the Fund, the MA Secured Loan Series commenced as single unit structure before being restructured as a dual unit structure in December 2019. The RE may at their discretion issue units of a different class in future.

The Fund seeks to provide exposure to a portfolio of loans secured by a first lien mortgage on Australian residential and commercial property with a target weighted portfolio loan-to-value (LVR) of 60% and a maximum loan LVR of 65%. The portfolio will be diversified with the Manager targeting a median single loan exposure of not more than 5% of the portfolio, at the time of investment and subject to an initial ramp-up phase, with a maximum exposure to an individual loan or counterparty of 25%. In addition to this, no more than 20% of the value of collateral may be in assets where the ability to sell or realise the investment is contingent on completion of development approvals or completion of construction activities.

The Manager intends to invest in loans that have primary security of a registered first mortgage over Australian real property in an area that the Manager considers to have sufficient liquidity for the orderly sale of the property. The portfolio will typically be primarily exposed to properties in metropolitan areas with a maximum exposure to properties located in regional areas of 25%. The loans will be short-to-medium duration in term, with a maximum loan term of 24 months and a target weighted average loan duration of approximately 12 months. Individual loan LVRs will be based on either 'as is' or 'as if complete' independent valuations for real property deemed to be supported by a solid market dynamic that underpins liquidity and sale price.

In addition to directly originating loans, the Fund can invest in loans that have been originated by third party lending platforms that have been approved by the Manager. This will be done where the Manager has the ability to take control of the decision making with respect to a loan.

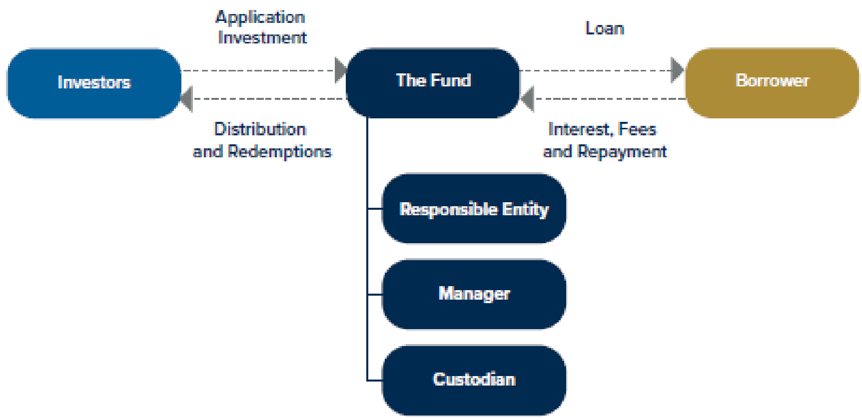
The Fund will seek to distribute a net cash yield (after fees and costs) equal to the RBA Cash Rate + 5.00% p.a. This is a target only and the Fund may not be achieved. The Fund intends to distribute all income received from the underlying loans in any given month.

The Funds Constitution permits the Responsible Entity to borrow on behalf of the fund. As at the time of the report, the Fund has no borrowings and has no intention to leverage the Fund. Should the intention change in future, any borrowings are limited to a maximum of 15% of the funds under management (FUM) of the Fund, at the time of the first drawdown. Any related party borrowings will be subject to specific approval of related party arrangements in respect of the Fund, confirming that such arrangements are on "arms-length" terms

Investors wishing to redeem units are required to provide 30 days notice to the Manager. Withdrawal requests, when accepted, will be processed on the first day of each calendar month, following expiry of the notice period. Withdrawal requests that are not processed due to insufficient cash reserves will be prioritised in the following applicable month. Accepted withdrawal requests will be redeemed within 365 days of acceptance unless withdrawals are suspended. The maximum period for redemption from an accepted withdrawal request is 545 days.

The Manager will be paid a management fee of 1.03% p.a. of the NAV of the Fund, inclusive of GST and net of any RITCs. The management fee is calculated, accrued and generally paid monthly in arrears. No performance fees are applicable to the Fund. There are expected to be other indirect costs and expenses associated with the Fund. The Manager estimates these costs will be 0.16% of the NAV. The RE is entitled to be paid a fee for their services, however the RE has waive their fee. There is no buy/sell spread charged for the purchase or sale of units in the Fund.

Fund Structure



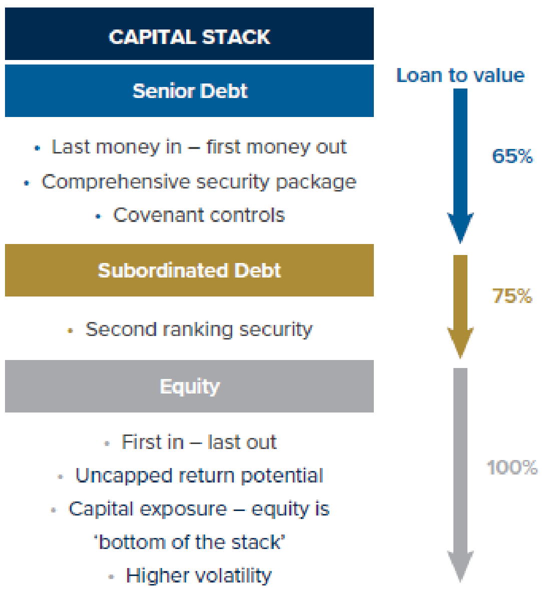
Registered First Mortgage Real Estate Security

The Fund will only be exposed to first lien mortgages secured over real property. A registered first mortgage is the most senior position in the real estate equity capital stack, as illustrated in the below graphic.

First mortgage lenders have priority ranking ahead of any other party's interest in the security, giving the first mortgage provider (in this case the Fund), first right over any consideration received on the sale of the property. Further to this and a key point is that in the event the borrower defaults on its obligations, the first mortgage holder is entitled to assume control over the assets.

Being the senior debt holder in a transaction significantly reduces the risk associated with any given loan, given senior debt holders have priority over other parties in the transaction and they have the right to assume control in the event of default.

Capital Stack Illustration



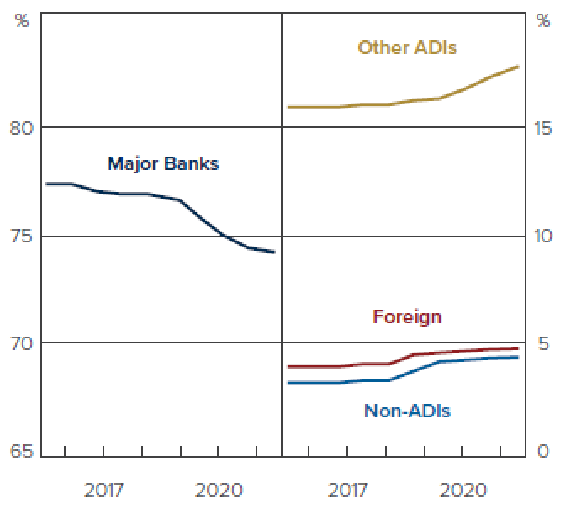
Source: MA Investment Management Pty Ltd

AUSTRALIAN NON-BANK LENDING MARKET OPPORTUNITY

The dynamics of the Australian lending market has resulted in an opportunity for non-bank lenders to capture a greater market share. With more onerous macro-prudential policies of APRA focused on Authorised Deposit-taking Institutions (ADIs), the Manager has seen an increasing pool of borrowers seeking funding outside the traditional banking channels.

The lending market in Australia remains dominated by the major banks, however, since 2017, the non-bank's share of the lending sector has been growing at a faster pace than the traditional banking sector. The below graphic is an except from the RBA Statement of Monetary Policy released in February 2021, and shows the market share of non-bank lenders grew to 4% of outstanding housing credit, whereas the major banks market share declined 6%, highlighting the current market dynamics.

Housing Credit Market Share



Source: RBA Statement on Monetary Policy, February 2021.
Seasonally adjusted and break-adjusted.

Residential and Commercial Property Markets

The Australian property market has proven resilient historically. Looking at the recent disruption from the COVID-19 pandemic, the residential housing market has recovered any initial losses and surpassed previous highs, with the market driven by a number of factors including: (i) fiscal and monetary stimulus; (ii) closure of the Australian border, which has seen residents using the money put aside for holidays as deposits for housing; and (ii) low inventory levels resulting in a supply demand imbalance.

Assuming the maximum LVR limitations for loans in the portfolio of 65%, this would mean that the value of the property securing the loan would have to decline by more than 35% for unitholder's capital to become impaired. This would be a significant decline in the context of the Australia market.

Looking at the Residential property market, the largest peak to trough decline and the time it took to recover has been well short of the 35% decline that loans in the portfolio would require for impairment. This is not to say that the residential property exposure in the Fund will not experience an impairment, however, given the historical performance of the residential property market, a decline of 35% or more would be a significant event.

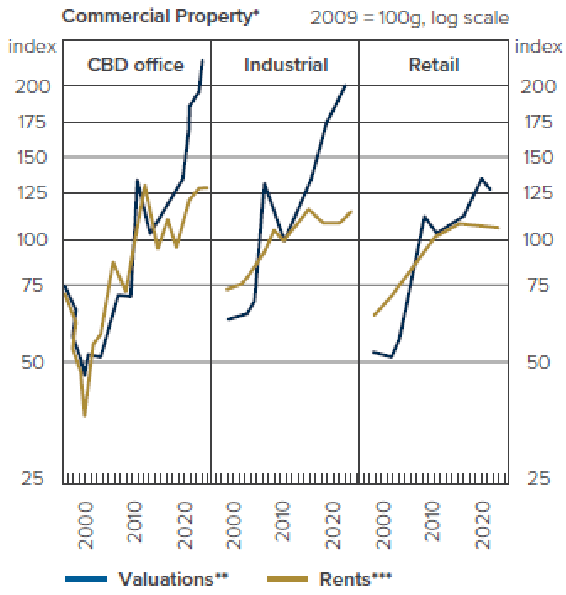
Largest Peak to Trough Declines and Period to Recovery in Residential Property Market

Capital City	Period	Largest Drop	Recovery Time (months)
Sydney	2017-2020	-11.9%	33
Melbourne	2017-2020	-11.1%	26
Brisbane	2010-2015	-10.8%	61
Adelaide	1994-1996	-6.7%	53
Perth	2014-2020	-21.6%	67

Source: MA Secured Real Estate Income Fund Reference Booklet

The Commercial property market has also fared well over the last two decades, although there has been periods of volatility in the market. As shown in the below graphic, industrial properties have performed strongly in recent times being driven by the e-commerce boom resulting from the pandemic. However, retail properties have experienced weakness, in particular large retail centres as consumers change their shopping habits.

Commercial Property Segments



Source: MA Secured Real Estate Income Fund Reference Booklet

INVESTMENT MANAGER

MA Financial Group was established in 2009 and has grown from a boutique corporate advisory business to a financial services group that operates Corporate Advisory, Equities and Asset Management business divisions. It undertook an IPO and listed on the ASX in April 2017. It has offices in Sydney, Melbourne and Shanghai, has over 200 Australian employees and had $5.4 billion in assets under management as at 31 December 2020.

MA Financial Group was founded in 2009 as a partnership between Australian-based executives and NYSE-listed Moelis & Company who own 19% as at 31 December 2020. While MA Financial Group operates independently from Moelis & Co, there continues to be a strategic alliance for the delivery of corporate advisory services.

In 2013, MA Asset Management was established to provide asset and investment management services to domestic and foreign high net worth individual investors. MA Asset Management has achieved substantial scale since its establishment in 2013 now with a team of approximately 63 staff and assets under management totalling approximately $5.4 billion as at 31 December 2020 invested in both traditional asset classes (i.e. fixed income and listed equities) and alternative asset classes (i.e. direct real estate, private equity, private credit and venture capital).

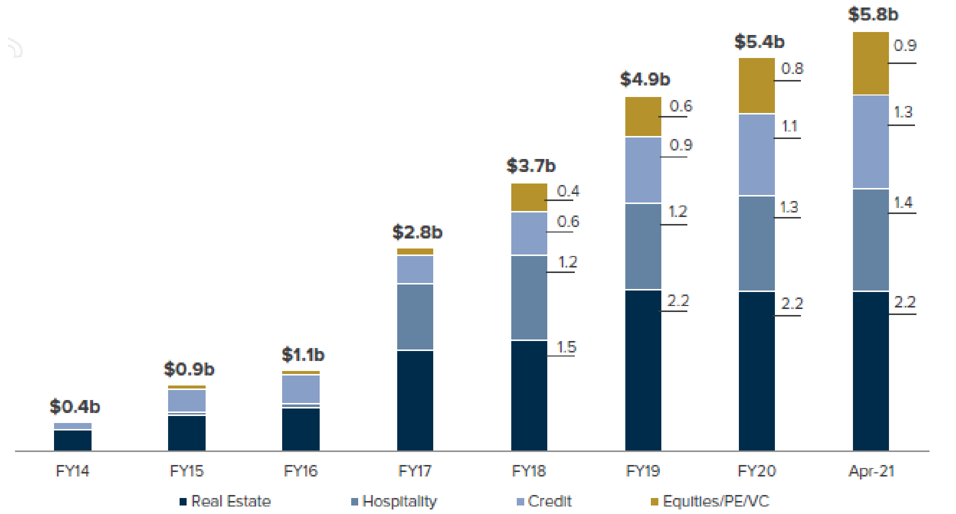
The investment philosophy of MA Asset Management is based on developing investment opportunities primarily outside traditional asset classes. This is a key differentiator for the business as it is able to provide investors with exposure to alternative asset classes across a range of industry sectors not generally accessible to individual investors.

MA Asset Management actively manages funds that invest in the following alternative asset classes:

- Real estate assets (i.e. commercial, hotels, gaming hotels and industrial);
- Private equity and venture capital;
- Hybrid securities and structured investments; and
- Other real assets (in a range of sectors including agriculture, technology, childcare and global hedge funds).

MA Asset Management also manages traditional asset classes including cash, bonds and listed equities. The Asset Management division's predominant investment sector is real estate. Of the $5.4 billion in AUM, almost $2.2 billion is in the form of core real estate sector investments and $1 billion in credit investments. This is somewhat reflective of the background of key members of management and the Board, who have significant prior experience in real estate and credit investing.

MA Asset Under Management Growth



INVESTMENT TEAM

The investment process and portfolio is managed by a six member dedicated investment team and overseen by a four member Investment Committee. The investment team is responsible for origination, credit assessment, credit analysis, portfolio construction, loan management and portfolio operation. The Investment Committee is primarily responsible for considering loans identified and proposed for investment by the Fund.

The six member investment team is led by Drew Bowie. The team comprises of seasoned lending professionals who are across all aspects of the investment process and loan management. While the team is small we do not believe it is stretched. Further, Moelis is committed to growing the team as the scale of the investment strategy grows. Additionally, the team is able to draw on substantial resources internally should the need arise.

The members of the investment team are detailed below.

- **Drew Bowie - Managing Director:** Drew's background is as a qualified property valuer and has over 27 years real estate credit, portfolio management and capital market experience across multiple asset classes. Drew has successfully completed an extensive number of development and investment portfolio finance facilities during varying market cycles, incorporating senior and mezzanine debt and equity participations. Prior to joining MA Financial Group, Drew was responsible for deal origination and portfolio management at MaxCap Group, Pepper Group, RBS and Macquarie Bank. Drew holds a Bachelor of Commerce (Business Law), Associate Diploma Business (Property Valuation), is a Fellow of the Australian Property Institute and is a Certified Practicing Valuer.
- **Cathy Houston - Executive Director:** Cathy is a credit asset management specialist and has over 25 years' experience in real estate finance, advisory, structuring, turnaround and capital markets. She has completed a large number of development and investment portfolio finance facilities, incorporating senior and structured credit and equity participations. Prior to joining MA Financial Group, Cathy provided real estate focussed advisory services at Archerfield Partners and managed portfolios of distressed credit exposures at HSBC and RBS. In previous roles she has also provided real estate finance origination, structuring and advisory services at RBS, NAB and Bankers Trust Investment Bank. Cathy holds a Bachelor of Economics (Accounting) from University of Sydney, an Associate Diploma of Finance and is a Chartered Accountant.

- **Stanley Hsieh - Investment Director:** Stanley is an investment specialist with 15+ years' experience in real estate debit and equity investing, in addition to infrastructure and venture capital investing. He has successfully completed an array of investments in property development and financing facilities in principal and advisory capacity. Stan is a founding member of the MA Secured Loan Funds, a series of private lending real estate credit funds managed by MA Financial Group. Prior to MA Financial Group, Stanley's buy side advisory experience include KPMG Direct Investment, CP2 (infrastructure fund manager) and Castalia Strategic Advisor (Infrastructure regulatory economics). Stan holds an Executive MBA from the University of Auckland, and Bachelor of Science degree with Honours in Industrial and Organisational Psychology.
- **Joseph Cavin - Investment Manager:** Joseph is a real estate finance/investment professional and qualified solicitor with over 15 years' experience within the real estate industry. Prior to joining MA Financial Group Asset Management Ltd, Joseph was a Director with Fortis Property Partners and a senior executive with Lyons Capital. Joseph commenced his property / finance career as a solicitor with Oakley Thompson in Melbourne. Joseph holds a LL.B, a Master of Business Property (Valuation), a Diploma in Property Investment & Finance, and a Graduate Certificate in Applied Finance.
- **Arya Loodin - Investment Executive:** Arya has four years-experience in commercial property advisory & valuations, principal investments & real-estate development & investment finance across the whole capital stack. Prior to joining MA Financial Group, Arya was a commercial property valuation and advisory analyst at Knight Frank, assisting in excess of $2b in property development valuations and feasibilities. Arya's active role involves assisting in the market research, investment due diligence, execution and portfolio management of real estate credit & equity investments. Arya has a Bachelor of Business (Property) from the University of South Australia.
- **Lauren Rigby - Investment Associate:** Lauren has experience in commercial property, credit, real-estate development & investment finance. Prior to joining MA Financial Group, Lauren was a Broker Liaison Officer at Lendi, managing Lendi's Associate Team and assisting with their loan management process. Lauren's active role involves managing the Moelis loan book, engaging in cash flow and treasury management as well as, aiding with market research for the Team's Projects. Lauren has a Bachelor of Business (Accounting and Finance) from the University of Technology, Sydney.

In addition to Drew and Cathy, the Investment Committee consists of the following members:

- **Andrew Martin - Head of MA Financial Group Asset Management:** Over 25 years of experience in private equity investment and investment banking, and is responsible for the firm's private equity, venture capital an credit investments. Andrew is a Managing Director at MA Financial Group and Head of Asset Management where is responsible for the firm's asset management business across a range of asset classes including real estate, private equity and equities. Prior to joining MA Financial Group in 2012, Andrew was a Managing Director at UBS Global Asset Management in Infrastructure and Private Equity.
- **Richard Colless - Chairman of MA Financial Group Asset Management:** Richard is the Chairman of MA Financial Group Asset Management business. Over 40 years of experience in the financial services industry in Australia and the UK. Chairman of ING Real Estate Investment Management from 2004 until 2010 which was the manager for 5 listed property trusts in Australia with gross assets over A$10 billion.

Investment Team & Investment Committee Personnel				
Name	**Position**	**Sector Focus**	**Years at Firm**	**Ind. Exp. (yrs)**
Drew Bowie	Managing Director (IC)	Real Estate	2	27
Cathy Houston	Executive Director (IC)	Real Estate	1	25+
Stanley Hsieh	Investment Director	Real Estate	5	10
Joseph Cavin	Investment Manager	Real Estate	1	16
Arya Loodin	Investment Executive	Real Estate	2	4
Lauren Rigby	Investment Associate	Real Estate	1	3
Andrew Martin	Head of Asset Management (IC)	Asset Management	9	25+
Richard Colless	Chairman (IC)	Asset Management	9	40+

INVESTMENT PROCESS

Fund Cash Flow Process

The Fund will invest in loan exposures based on the investment process of the Manager. Each loan will typically have terms ranging from 6 to 24 months. All interest accrued on the portfolio of loans from the start to the end of each month, net of fees and expenses, will be distributed to investors on a monthly basis within a few days post month end. The Manager will strike a monthly unit price which, barring losses on any loan, is expected to remain at parity to the issue price.

At the maturity of each loan, the capital repayment received by the Fund will be reinvested net of any amounts required to satisfy redemptions.

Investors wishing to redeem units are required to provide 30 days notice (the Notice Period) with redemptions paid on the first day of each calendar month after the expiry of the Notice Period. The Manager will seek to meet redemption requests as soon as practicable and where cash balances are sufficient to meet redemption requests, within 20 business days of the end of each month. Where cash balances are insufficient at the relevant Redemption Notice Date, the Manager will seek to meet redemption requests with the proceeds of maturing loans (or additional capital inflows), as set out in the Product Disclosure Statement.

Investment Process

The investment strategy of the Fund is to target an identified gap in the market, specifically short duration loans (6 to 24 months) which are typically being used by the borrower as a form of bridging finance. In the majority of cases, traditional banks are not providing permanent long-term loans to the targeted borrower segments as they are deemed non-conforming. They are deemed non-conforming for internal policy reasons rather than for credit reasons.

Such potential borrowers for the Manager typically fall into several buckets. The first are non-Australian resident buyers of local property who do not have income verifiable from a domestic source. Traditional banks will typically no longer lend to such borrowers. A common example is a non-resident buyer of an off-the-plan apartment. In this case, the key aspect for the Manager is not the ability to service the loan, rather the underlying asset itself. Specifically, it needs to be realisable (based on a deep and liquid market) and have an "as is" valuation well above the loan amount.

A second bucket may represent developer related financing which, again, for policy rather than credit reasons a traditional bank may not be able to extend a loan. The example given by the Manager was a land amalgamation development involving multiple individual freehold sites, one of which was a commercial freehold. In the particular example, exposure limits by developer and location precluded the traditional lenders extending financing prior to the completion of the land amalgamation. In this case, bridging finance was required. For the Manager, the loan was based on a conservative LVR of a valuation on the commercial freehold property only (a valuation based on an existing commercial lease). Again, the valuation represents an "as is" valuation rather than a "best use" valuation (post amalgamation).

The important distinction to make is these loans are not non-conforming on the basis of a credit assessment (i.e. sub-prime loans). Rather, they are deemed non-conforming due to the lending policies of the banks. Furthermore, the underlying risk to the Manager is not any particular sub-sector (such as foreign buyers). The underlying risk relates to the loan security. Specifically, the type of property, how realisable the property is, the basis of the valuation and the LVR.

The issue of loan serviceability is primarily addressed by way of the margin of safety from the underlying asset value (over which the Manager has a registered first mortgage) relative to what the Manager has lent (maximum 65%).

Loan Assessment and Management Process

The loan assessment and management process undertaken by the Manager is detailed below.

Origination: Loans are sourced from a variety of internal and external sources including major banks, brokers, loan originators, real estate owners/developers. A screening process is undertaken based on the broad investment mandate for the Fund. A qualitative assessment and decision is arrived at by the investment team as to whether to proceed to commence the due diligence process for each particular lending opportunity.

Borrower Information: For opportunities deemed prospective, the team proceeds with the collection of standard borrower and related parties information. This includes credit reports, reference checks, undertaking Know Your Client (KYC) and reporting obligations, and checks on personal assets, earning history, company and director checks (where relevant).

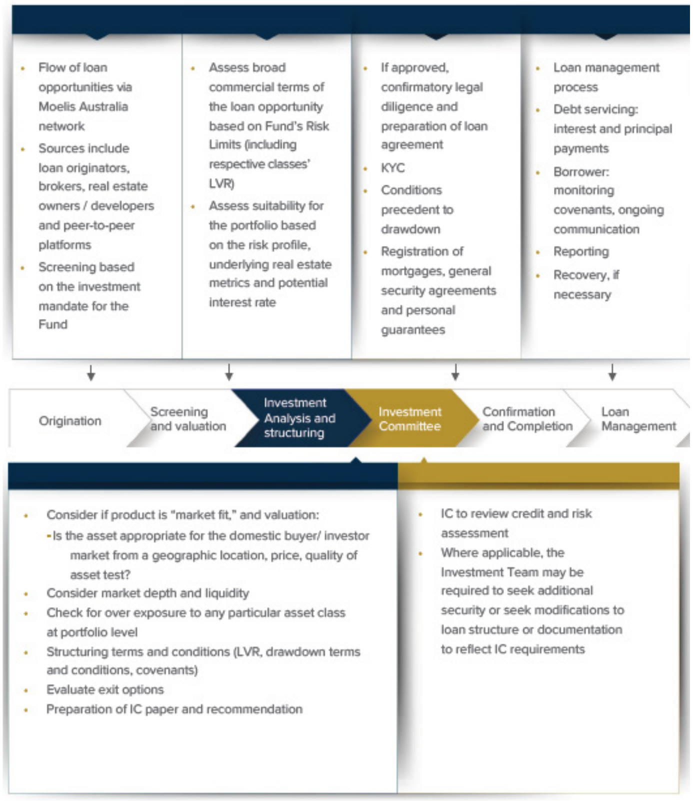
Valuation: The Manager sources information in relation to the security, including independent valuations, asset history, liquidity and recovery in adverse recovery scenarios. Valuations are sourced from bank grade independent valuers with an "as-is" instruction. The Manager utilises a panel of independent valuers which, to date, have included Preston Rowe Paterson, Charter Keck Creamer, M3 Property Valuers, Access Valuation, Knight Frank, Savills, JLL, JPM and Opteon.

Investment Analysis and Structuring: Individual loan preparation is undertaken to formally prepare a recommendation for the Investment Committee (IC). The investment team places a strong emphasis upon "product-market fit" (see below) and valuation. Structuring terms and conditions include the determination of prudential loan-to-value ratios, drawdown terms and conditions, and covenants. Exit options are evaluated (a minimum of two), with refinancing and a sale being preferred.

Investment Committee: Review and feedback on each loan is undertaken to review loan term, rates, LVR, covenants and condition precedents. IC approval is required on all investments. Where applicable, the investment team may be required to seek additional security or seek modifications to loan structure or documentation to reflect IC requirements.

Loan Contract and Settlement: A review of the enforceability of the contract is undertaken. All Condition Precedents must be satisfied prior to the loan drawdown.

Loan Management: On-going daily monitoring and reporting of each loan including payments and covenants. Property asset recovery is undertaken in the event of default and where deemed necessary.



The Manager outlines the following key considerations in its assessment of each and every potential loan:

- **Product Market Fit:** By 'product market fit' the Manager assesses whether an asset is appropriate for the domestic buyer/investor market from a geographic location, price, and quality of asset perspective. In short, the Manager is determining as to whether it believes it would have a high chance of selling the property and recouping its debt in a recovery scenario. The Manager provides the example that a 2 bedroom apartment in Sydney, passes this test as it has strong appeal to the domestic market whereas a 3 Bedroom resort apartment in a small tourist location may not have a sufficient pool of perspective purchases to be able to realise the sale of the asset in an orderly manner. With respect to the latter, it was the Manager's view that the particular apartment really only appealed to travellers and holiday makers. They were uncomfortable with the depth of that market (highly volatile with the location having a history of boom and bust cycles).

- **Exit:** The Manager determines as to whether there is a clear exit at the end of the loan term. Sale of the property and refinance are the most common options and the Manager assesses how likely these options are for each loan. The Manager also looks to the sponsor's incentive to determine they are motivated to complete whatever is necessary so the loan can "bridge" them to the next stage of their particular project.
- **Market Depth and Liquidity:** If the Manager is not confident there is a deep market and can secure a buyer in any reasonable time frame then the asset will not be deemed suitable for the portfolio.
- **Over Exposure:** The Manager ensures is does not have too much exposure to a single asset type (not just a Sponsor), or region in the Fund in an effort to avoid concentration risk.

Portfolio Construction

The Fund seeks to provide exposure to a diversified portfolio of first lien property loans. To ensure this is achieved, the Fund has a number of formal portfolio constraints regarding asset allocation, geographic concentration, LVR and borrower/loan concentration. The portfolio limitations are detailed below. Over and above the formal constraints, is the qualitative assessment process undertaken by the Manager. As such, it is not so much about property type per se (apartment versus free standing house, for example), rather the quality of the valuation, the property, the underlying market fundamentals and the ease to which the asset could be realised if need be.

Portfolio Limits

Limits by Asset		State Limits		Region		Other	
Land	<50%	VIC	<50%	Metro	na	Median investment Size	<5% of portfolio at the time of investment
Apartment	<75%	NSW	<75%	CBD	na	Single Borrower	<25%
House	<75%	QLD	<50%	Regional	<25%	Single Loan	<25%
Non-Residential	<75%	Other	<25%			Weighted LVR	<60%
Development	<20%					Loan to Cost Ratio	<75%

Fund Inflows Management

The open-ended structure substantially mitigates the cash dilution risk inherent in a closed-ended structure. Rather than raise a large amount of capital through a one-time raise at the inception of the fund (and diluting yields during the period required to become fully invested), the open-ended structure permits the Manager to conduct multiple capital raisings and, hence, raise a lesser amount per raise compared to the closed-ended vehicle. Yield dilution risk can be greatly reduced due to the shorter time frame to fully invest the new capital.

The key to the mitigation of yield dilution is in the management of the process. Importantly, the Manager has stated that it will adopt an approach of raising only an amount of capital for each particular raise that it knows it can invest over a four to six week time frame based on its existing pipeline of loans.

PORTFOLIO COMPOSITION

During the initial stages of the Fund, the Manager has indicated they will initially acquire a portion of loans from the MA Secured Loan Series funds at face value to provide unitholders with a return and provide access to a portfolio of loans from the outset.

The Manager has provided the initial target portfolio during the ramp-up (capital raising) phase of the Fund based on the initial $50,000 raised and the Fund raising $6m. During the ramp-up phase the portfolio is expected to be concentrated with five loans in the initial target portfolio, increasing the risks associated with the portfolio for investors during the ramp-up phase.

Initial Target Portfolio

Security Property	Location	State	Total Loan Limit	Total Loan Outstanding	SREIF Target Seed Portfolio		SREIF Target Portfolio		Maturity	Interest & Fees on Drawn Funds	Interest Serviced / Capitalised	Property Value	LVR
					Invested	%FUM	Invested	%FUM					
Land - residential	South West Melbourne	VIC	$6.52m	$6.52m	-	0.00%	$1.495m	24.92%	Sep-21	8.00%	Capitalised	$100.00m	6.5%
Apartments	Sydney South	NSW	$25.00m	$24.28m	-	0.00%	$1.495m	24.92%	Jun-22	7.25%	Serviced	$42.96m	58.2%
Commercial	Sydney Inner West	NSW	$1.61m	$1.61m	$0.007m	14.00%	$0.500m	8.33%	Nov-21	8.00%	Serviced	$2.60m	61.9%
Commercial	Sydney Northern Suburbs	NSW	$3.30m	$3.20m	$0.006m	12.00%	$1.283m	21.38%	Mar-22	7.00%	Serviced	$6.00m	55.0%
Land - residential	Brisbane South East	QLD	$0.69m	$0.69m	$0.027m	54.00%	$0.027m	0.45%	Nov-21	7.50%	Prepaid upfront	$1.15m	60.0%
Invested Portfolio					$0.0400m	80.00%	$4.800m	80.00%					
Cash					$0.0100m	20.00%	$1.200m	20.00%					
Total Funds Under Management (FUM)					$0.0500m	100.00%	$6.000m	100.00%					

Source: MA Secured Real Estate Income Fund Continuous Disclosure Statement, May 2021

Given the initial asset acquisition strategy of the Fund, we have provided the details of the portfolio composition of the MA Secured Loan Series as at 31 December 2020. Note the MA Secured Loan Series has a dual unit structure, Class A and Class B units, with the portfolio varying given the investment limitations of the class of units. Despite this, the portfolio provides a good indication of what unitholders of the Fund can expect.

The MA Secured Loan Series -Class A portfolio comprised of 34 loans with a weighted average loan duration of 9 months and a weighted LVR of 44.5%. The Class B portfolio comprised of 30 loans with a weighted loan duration of 7.9 months and a weighted LVR of 58.3%.

Apartments made up the bulk of the loans across the portfolios with small exposures to construction. The Class A portfolio is largely invested, however, the Class B portfolio is holding 17% cash.

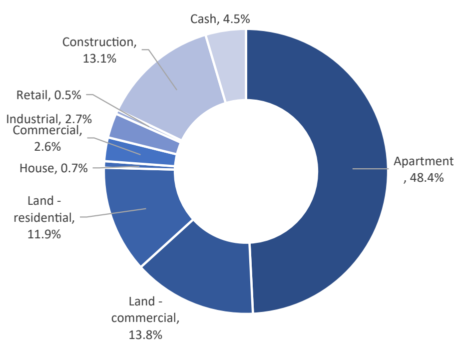
The largest individual exposure in the Class A portfolio represents 12.4% of the portfolio and has an LVR of 58%. The largest exposure in the Class B portfolio represents 16.5% and has an LVR of 63%. From an individual loan perspective, the Class A portfolio has 7 loans that have an LVR of 55% or higher. For the Class B portfolio, there are 4 loans with an LVR of 70%+, with a maximum LVR for an individual loan of 74%. There is only one loan in the Class B portfolio that the Class A portfolio has no exposure to.

MA Secured Loan Series Portfolio Overview as at 31 December 2020

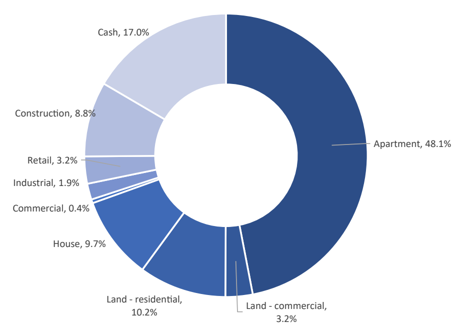
	Class A	Class B
Number of loans	34	30
Weighted loan duration	9 months	7.9 months
Weighted LVR	44.5%	58.3%
Target LVR	55%	70%
Cash	4.5%	17.0%

MA Secured Loan Series Portfolio Profile as at 31 December 2020

Class A



Class B



PERFORMANCE ANALYTICS

With the Fund yet to generate any performance history, we have provided the historical performance of the MA Secured Loan Series below, to show the capabilities of the Manager with regards to the investment strategy being implemented for the Fund. We note that the below performance figures are from the point at which the strategy was fully invested after being established. While the fees associated with the Fund differ from the MA Secured Loan Series, given the historical returns we believe the Manager can meet the target returns for the Fund.

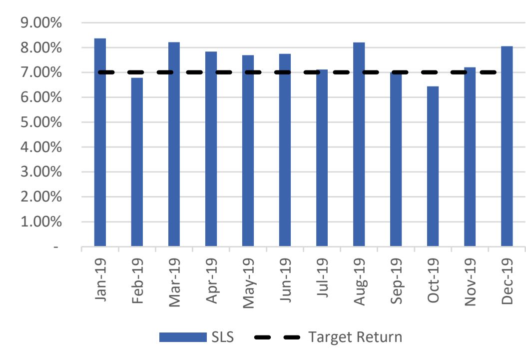
Returns to investors are purely in the form of distributions, with monthly distributions based on cash received from interest payments from the portfolio of loans, net of fees to the Manager and Responsible Entity and any other costs associated with the Fund. As such, while NAV will increase over the course of any given month (as monthly interest payments accumulate in the Fund bank account), it returns to the initial level following the distribution payment to investors.

As noted in the Portfolio section above, the MA Secured Loan Series changed from a single unit structure to a dual structure, effective December 2019. As such, the below shows the performance of both structures. Unlike the Fund, which has a floating target return, the MA Secured Loan Series has a fixed target return. The Fund has delivered on its target return level consistently since inception. Since inception, returns have trended down slightly, reflecting increased market competition in the non-bank lending market and the declining interest rate environment. Given loans are typically offered based on a RBA Cash Rate + basis, distributions will trend with the direction of the RBA Cash Rate.

The Manager reduced the risk in the portfolio in response to the uncertain economic conditions that arose in 2020. We note that the annualised distributions below do incorporate the impact of some cash dilution, a feature of any open-ended trust structure. If you exclude the cash exposure from the returns, the Fund has met it's return objectives. Note, past performance is not a reliable indicator of future performance.

Secured Loan Series Monthly Distribution History (annualised)

Single Unit Structure	Dual Unit Structure

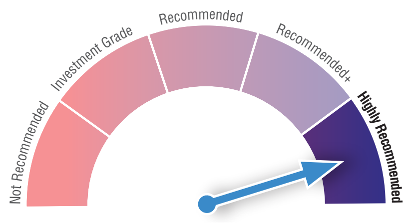
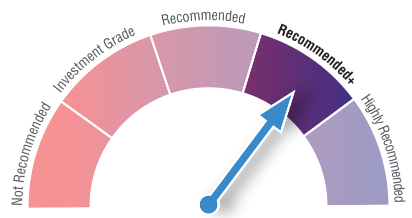
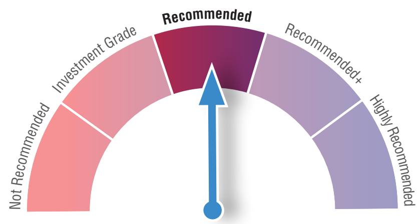
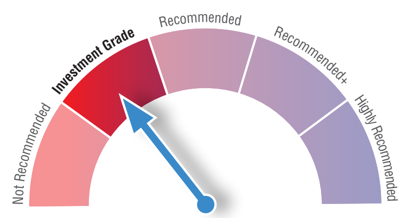
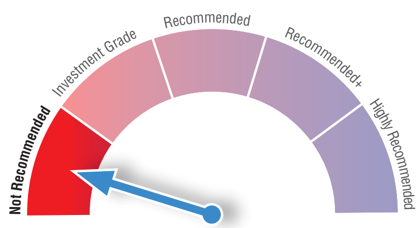


The ongoing demand for non-conforming loans is important in growing the loan book and given the short-term nature of the loans, demand is important to meet the Fund's target return. Holding cash for extended periods of time will dilute the distribution yield. The Manager has grown the loan book for the MA Secured Loan Series strategy and has a targeted pipeline of loans for future investment. The below chart highlights the growth of AUM in the strategy over the last 12-months across all funds managed by the Manager. The growth in AUM highlights the increasing demand for loans by non-bank lenders.

APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd "IIR" rating system

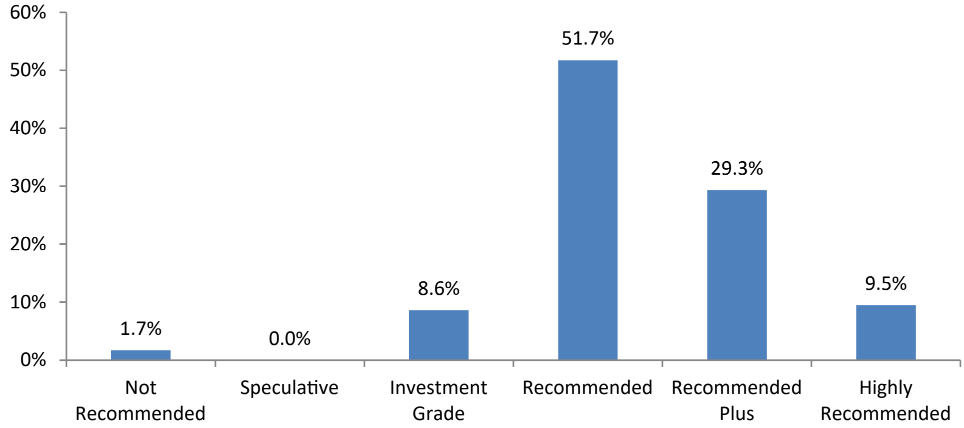
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
Highly Recommended	**83 and above**
	This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.
Recommended +	**79–83**
	This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.
Recommended	**70–79**
	This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.
Investment Grade	**60-70**
	This rating indicates that IIR believes this is an average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an average risk/return trade-off and should be able to consistently generate average risk adjusted returns in line with stated investment objectives.
Not Recommended	**<60**
	This rating indicates that IIR believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely.

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

SPREAD OF MANAGED INVESTMENT RATINGS



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