

Freehold Debt Income Fund

FREEHOLD
Investment Management

December 2019 INVESTMENT UPDATE

OVERVIEW

The Fund's investment objective is to provide investors with a total annualised return of between 7 – 8% p.a. paid through a monthly income stream derived from a diversified pool of loans. The underlying portfolio of loans is primarily secured by registered first ranking mortgages held over Australian property financing real estate development, construction and ownership across the east coast of Australia. The Fund does not lend directly to real estate companies, but through Special Purpose Vehicles (SPVs) and funds established by Alceon, a leading Australian non-bank corporate lender and investment firm.

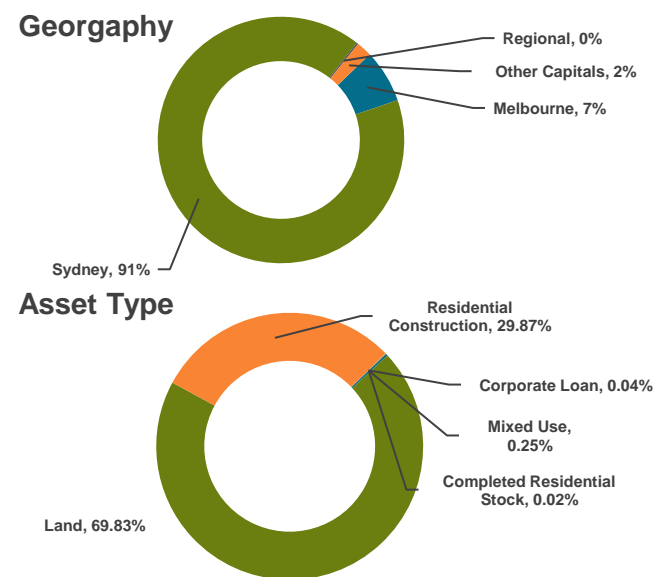
Investment Performance

| Monthly Returns | October 2019 | November 2019 | December 2019 | January 2020 | February 2020 | March 2020 | April 2020 | May 2020 | June 2020 |
|---------------------------|--------------|---------------|---------------|--------------|---------------|------------|------------|----------|-----------|
| Net Return (monthly) | 0.71% | 0.69% | 0.72% | | | | | | |
| Net Return (annual) | 8.58% | 8.32% | 8.61% | | | | | | |
| Distribution | - | 0.56% | 0.67% | | | | | | |
| Distribution (annualised) | - | 6.75% | 8.01% | | | | | | |

Most of the portfolio represents senior debt (96%) with a monthly coupon (96%). The underlying portfolio continues to be conservatively positioned with the weighted average LVR at 54%. Over the near term, the Fund will focus predominantly on lowly leveraged senior debt opportunities, along with some limited capacity for mezzanine and preferred equity.

Key Portfolio Metrics

| | |
|---------------------------|------------------|
| Average LVR | 53.9% |
| Average Duration | 20.3 months |
| Number of Loan Facilities | 24 |
| Number of Borrowers | 17 |
| Senior Facilities | 96% of portfolio |



| Fund Details | |
|--------------------------------|--------------------------------------|
| Fund Inception Date | 1 October 2019 |
| Fund Size | \$15,735,607 |
| Objective (1) | 7 – 8 % p.a. |
| Investment Timeframe | 3-5 Years |
| Minimum Investment | \$100,000 |
| Income Distribution | Monthly |
| Unit Pricing | Monthly |
| Management Costs | 1.75% per annum |
| Performance Fee | 10% over the 3-month BBSW |
| Trustee and Investment Manager | Freehold Investment Management Ltd |
| Sub-Investment Manager | Alceon Real Asset Management Pty Ltd |
| Auditor | Moore Stephens |



Important Notice

Notes:

- 1) Please note, this is an objective and not a forecast. No returns are guaranteed.

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Before making a decision to invest in the Freehold Debt Income Fund (**Fund**), you should obtain and read a copy of the Information Memorandum (**IM**) for the offer of units in the Fund. Freehold is the issuer of the IM and of units in the Fund.

