PARTNERS PRIVATE

Lambert Capital Property Credit Fund

Fund Summary

Asset Class	Private Debt
Sub-asset class	Real Estate
Strategy Description	Debt fund investing in Australian commercial property credit including loans to commercial borrowers for the construction, development, investment, acquisition or improvement of property. The strategy is focused on lower middle market borrowers typically between $3-20m with Lambert identifying a clear exit for the borrower. A strong pipeline of 'bank quality' deals is seen in Lambert's pipeline in the $5-15m space. Lambert assesses loans very selectively and articulates a conservative credit analysis, due diligence and pricing based on a big 4 bank inspired property lending checklist.
Target Return*	Target IRR of 7% – 10% p.a. (before tax and net of all fees).
Leverage	Fund is ungeared; Underlying investments are loans with maximum 70% Loan-to -Value ratio (LVR) for the fund. The average LVR is less than 65% across the loan portfolio.
Distributions and Frequency	Monthly income distributions
Fund Structure	An Australian unit trust with a unit class for Partners Private investors.
Terms of the investment	3 month lock up with monthly liquidity thereafter.
Fees	Administration fee of 1.0% p.a.(exc.GST)
Drawdown Profile	Fully drawn on application
Minimum Investment	$100,000 with Trustee discretion to vary
Key Dates	Refer to: https://www.partnersprivate.com.au/investments/unlisted/lambert-capital-property-credit-fund/
Offer Documents	Information Memorandum

*Target returns are not guaranteed, and total returns may be above or below target range.
This summary has been provided for illustrative purposes only. All terms and conditions contained herein are subject to and will be superseded by the final documentation. Please refer to the Fund's Information Memorandum for further details. This summary is not an offer or solicitation to purchase interests in the Fund. Such interests are only offered pursuant to the terms of the Information Memorandum, which should be reviewed carefully prior to investing. Past performance and/or forward-looking statements are not a reliable indicator of future performance.

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The opportunity

This strategy is in a preferred niche of commercial property lending given the smaller size, higher returns and bank quality loans with an overall fund size initially of $100m and a current target size of $150m. It is a diversifying strategy when held alongside other mid and larger sized property lenders, noting Lambert's strategy has outperformed the returns of most of the senior real estate debt peer group in the last two years.

Lambert is lead by its founder and majority shareholder Mark Greenberg and has financial backing from Thorney Investments with an initial $20m commitment from inception, plus an additional $20m cash from the Rosen Group (Mark Greenberg's family office). Thorney provide ongoing capital investment into the fund.

Lambert have three people involved in loan origination, due diligence and credit analysis supported by an additional finance team (internal staff), and a three-member investment committee that includes one independent from Thorney Investments. Key supporting functions are outsourced to reputable firms: Legal Advisors are Gadens and Hall & Willcox as Fund Legal Advisor; compliance by Guildfords Funds Management; financials, fund performance, monthly management accounts and tax advisors are from Pitcher Partners.

The Fund Manager

Mark Greenberg set up Lambert post GFC in 2008 with backing from Alex Waislitz's Thorney Group. The ownership is 80% Mark Greenberg and his wider family office, the Rosen Group alongside 20% Thorney Group. The origins of the approach stem from Mark's experience in ANZ's commercial property lending and the banks property credit underwriting scorecard. The objective is to target lower middle market loans that have fewer moving parts and complexity that would otherwise be 'bank quality'. Bank regulatory capital standards tightening by APRA has meant that banks have gradually allocated less capital to property lending over the last 20 years.

Risks

As for any investment, the strategy will be exposed to a number of investment risks, which are listed and described in the offering documents. Main risks to be aware of include general market risks, including downturn in the economy that could impact property valuations; specific developer risks, end property purchaser settlement risks, unforeseen cost escalations and project delays; liquidity matching risks of applications, redemptions, loan drawdowns and repayments.

Risk management is via up front due diligence to bank standards, close treasury management of cashflows to manage loan draws and repayments, and the balance of investor applications and redemptions

Images do not depict actual investment.

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Partners Private View

The real estate sector has seen many headwinds over the past few years, with higher inflation and interest rates increasing the cost of capital and putting pressure on valuations. However, the asset class tends to perform well after periods of stress when weaker developers and service providers exit the industry.

In the current environment with pressure from higher interest rates on larger developers, now may be an opportune time to invest in smaller and less risky development projects and corresponding smaller loan sizes.

The loans invested in via the Fund tend to be against collateral of townhouse developments and smaller residential land lot developments which are easier to sell down or correct if something goes wrong. This contrasts with larger lenders who have higher risk with multi-level high rise apartment developments and larger land lot developments which due to their size and complexity are harder to correct and more difficult to sell down if a problem occurs mid development.

Lambert Capital have a firm 15-year track record, strong bank heritage and experienced, disciplined and conservative credit underwriting standards. In addition their agile team has proven their capability to solve problems quickly with optimal outcomes.

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