

METRICS DIRECT INCOME FUND – CORRECTION TO MEDIA ARTICLES

This continuous disclosure notice relates to the Metrics Direct Income Fund ARSN 641 620 331 (**Fund**).

Equity Trustees Limited (**Equity Trustees**) ABN 46 004 031 298 as the responsible entity of the Fund wishes to issue a clarification as to matters that have been reported in recent media articles in respect of a loan asset to which the Fund was previously exposed as a result of an indirect investment in in the MCP Real Estate Debt Fund (**REDF**).

Certain media articles have suggested that Metrics Credit Partners Pty Ltd (**Metrics**), the investment manager of the Fund as well as certain underlying funds to which the Fund is exposed, following the default of a borrower on its loan, has been forced to assume control of a \$750 million real estate construction project in inner-city Melbourne.

Metrics has advised Equity Trustees it wishes to clarify the following:

- Perpetual Corporate Trust Limited in its capacity as custodian for the trustee REDF provided a land loan (**Loan**) which was senior secured and included, as part of standard security arrangements for such a loan, a first registered mortgage over various properties (**Property**). The aggregated area of the future development site, which was the subject of the security, comprises an area in excess of 14,000m² of predominately vacant land and benefits from certain planning permits for the future potential construction of 6 separate buildings on the land;
- the \$41 million Loan represented a loan to value ratio of approximately 60% against the independent assessed market value at the time the loan was originally provided to the borrower in 2022. The loan amount outstanding on the repayment date in December 2024 increased as a result of the accrual of interest and fees less funds that were repaid via the introduction of a new subordinated loan facility provided by another third-party lender to the borrower;
- at no point has any commitment been provided by any Metrics fund in relation to the provision of additional funding for the proposed future development or construction of buildings on this land;
- following a default on the Loan, receivers were appointed and enforced on the security held and a sales process was conducted;
- prior to completion of the acquisition, a number of independent third-party valuations were obtained which provided valuations in the range of \$50 million to \$71 million;
- Metrics and its associates manage a number of funds, including individual institutional mandates, which have the investment mandate to invest in commercial real estate equity;
- A number of these funds, to which the Fund does not have exposure, contributed equity to establish a special purpose corporate entity which bid in the sale process managed by the receiver and successfully acquired the Property for a purchase price of \$53.350 million;
- the loan principal, interest, fees, exit fees and costs owing by the defaulted borrower to REDF were repaid in full from the sale proceeds.

At no time did REDF enter into a facility to finance the construction of this project and it was not forced to take control of a construction project. Under the action taken, REDF recovered 100% of the amounts owed to it under the loan facility.

Metrics confirms that the governance process which included the appointment of independent parties to manage the enforcement and sales process was undertaken in strict compliance with obligations under s420A of the Corporations Act 2001 (Cth).

The assets held in the Fund are subject to daily unit pricing which is disclosed to investors at www.metrics.com.au/funding-solutions/metrics-direct-income-fund each day. All financial results in relation to these transactions have been taken into account in the Funds' financial accounts and disclosed in the calculation of the unit price. There has been no impact on distributions paid and Metrics



funds reflect the correctly assessed carrying values of its assets with the carrying value of the acquired property assets held at the acquisition cost.

Metrics confirms that all income generated from the Loan has been distributed to investors and assets held are subject to ongoing independent assessment by an International Accounting firm as disclosed in the product disclosure statement of the Fund.

Equity Trustees Limited (**Equity Trustees**) ABN 46 004 031 298 | AFSL 240975, is the responsible entity for the Metrics Direct Income Fund ARSN 641 620 331 (the **Fund**). Equity Trustees is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX: EQT). The investment manager for the Fund is Metrics Credit Partners Pty Ltd (**Metrics**) ABN 27 150 646 996 | AFSL 416 146. The information provided is issued by Equity Trustees and has been prepared to provide you with general information only. In preparing this information, Equity Trustees did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Equity Trustees, Metrics nor any of their related parties, their employees or directors, provide any warranty of currency, accuracy, completeness or reliability in relation to such information or accept any liability to any person who relies on it. Neither Equity Trustees nor Metrics guarantees repayment of capital or any particular rate of return from the Fund. All opinions and estimates included in this website constitute judgments of Metrics as at the date of website creation and are subject to change without notice. Past performance should not be taken as an indicator of future performance. You should obtain and carefully consider in their entirety the current Product Disclosure Statement (**PDS**), Target Market Determination (**TMD**) and any updated information and continuous disclosure notices (Additional Disclosures) before making an investment decision in respect of the Fund and assess whether the Fund is appropriate given your objectives, financial situation or needs. If you require advice that takes into account your personal circumstances, you should consult a licensed or authorised financial adviser. The PDS, TMD and any Additional Disclosures are available at www.metrics.com.au/mdif

Metrics Direct Income Fund ARSN 641 620 331
Continuous Disclosure Notice and Update to Product Disclosure Statement and Additional Information Booklet

Date of Issue: 16 May 2024

Equity Trustees Limited (ABN 46 004 031 298, AFS Licence No. 240975) (**Equity Trustees**) in its capacity as the responsible entity of the Metrics Direct Income Fund ARSN 641 620 331 (**Fund**) issued a Product Disclosure Statement (**PDS**) and Additional Information Booklet (**AIB**) with respect to the Fund dated 30 September 2022.

This notification (**Notice**) to unitholders of the Fund constitutes a continuous disclosure notice for the purposes of section 675 of the *Corporations Act 2001* (Cth) and an update to the PDS and AIB pursuant to *ASIC Corporations (Updated Product Disclosure Statements) Instrument 2016/1055* on the basis that the information contained is not materially adverse.

This information should be read in conjunction with the PDS and AIB. Potential investors should read the PDS and AIB and this update in its entirety before applying to invest in the Fund. Capitalised terms have the same meaning as the PDS and AIB unless otherwise stated.

UPDATE IN RESPECT OF THE SUB-TRUST'S INVESTMENTS IN THE WHOLESALE FUNDS

With effect from 1 May 2024 (**Effective Date**), the Sub-Trustee and the trustees of the Wholesale Funds agreed that the Convertible Notes held by the Sub-Trustee in the respective Wholesale Fund as at the Effective Date would be converted into units in the relevant Wholesale Funds. As at the date of this Notice, sections 5.2 of the PDS and 5.4 of the AIB should be read on the basis that:

- the Sub-Trust's investments in the Wholesale Funds as at the date of this Notice is primarily by way of holding units in those Wholesale Funds; and
- the Sub-Trust will obtain further exposure to the Wholesale Funds primarily by way of subscribing for units in the Wholesale Funds, rather than Convertible Notes, although the Sub-Trust may subscribe for Convertible Notes from time to time.

Important Information

This Notice is issued by Equity Trustees Limited ABN 46 004 031 298, the issuer of Units in the Fund.

The information contained in this Notice is general information only and has been prepared without taking into account your objectives, financial situations or needs. Prior to making an investment decision with respect to the Fund, you should read the PDS and AIB for the Fund in full (including this Notice), available at www.metrics.com.au/funding-solutions/metrics-direct-income-fund. You should carefully consider your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and you should seek advice from your professional adviser before deciding whether to invest. You should consider the risk factors that could affect the financial performance of the Fund. There is no guarantee that the Units offered under the PDS will provide a return on capital, lead to payment of distributions or that there will be any increase in the value of the Units.

Equity Trustees has issued a target market determination in respect of the Fund which is available at www.metrics.com.au/funding-solutions/metrics-direct-income-fund.

If you have any questions about this Notice, please contact the Distribution Partner Tel: 1300 010 311 (between 9:00am to 5:00pm Sydney time Monday to Friday).