



**TANARRA CREDIT PARTNERS  
ASIA-PACIFIC FUND II**

Information Memorandum  
June 2023

**INVESTMENT MANAGER**

Tanarra Credit Partners Pty Ltd  
ABN 85 614 584 413



# Important Notices

This Information Memorandum dated June 2023 (**Memorandum**) has been prepared and issued by Tanarra Credit Partners Pty Ltd (ABN 85 614 584 413) (**TCP** or the **Manager**) to provide a summary of significant information for persons considering applying for units (the **units**) in Tanarra Credit Partners Asia-Pacific Fund II (**Fund II** or the **Fund**). No persons other than TCP have caused or authorised the issue of this Memorandum nor do they take any responsibility for the preparation of the Memorandum. No other Fund is offered in this Memorandum.

## The Fund

The Fund comprises the following:

- TCP Asia-Pacific Fund II, an unregistered Australian unit trust (**TCP APAC Fund II Trust**);
- The following sub-trusts (each a **Strategy Trust**), each of which is an unregistered Australian unit trust and which are also available for direct investment by investors (subject to a minimum, anchor-sized commitment):
  - TCP Senior Loan Levered Trust (**TCP Levered Trust**);
  - TCP Credit Opportunities Trust (**TCP Opportunities Trust**); and
- additional unregistered Australian units trusts and any other entity that may be established as part of the Fund,  
(each, a Trust and collectively, the **Trusts**)

## Trustees

Each Trust has a separate trustee (each a **Trustee**) formed and registered under the *Corporations Act 2001* (Cth) (the **Corporations Act**).

ITG Australia TS Pty Ltd ACN 638 489 451 AFSL 521 741 (**ITG**) is the trustee of the TCP APAC Fund II Trust (the **APAC Trustee**).

ITG Australia TS Sub Pty Ltd ACN 642 379 235 Authorised Representative No 001288246 (**ITG Sub**) is the trustee of the Strategy Trusts (the **Strategy Trust Trustee**). ITG Sub is a related body corporate of ITG and, in addition, ITG Sub is a corporate authorised representative of ITG.

For the purposes of section 911A(2)(b) of the Corporations Act any offers to issue units in a Strategy Trust will be made pursuant to an intermediary authorisation between the Strategy Trust Trustee and ITG under which:

- ITG makes offers to arrange for the issue of such units in a Strategy Trust by the Strategy Trust Trustee; and
- the Strategy Trust Trustee is to issue those units in the Strategy Trust in accordance with such offers, if they are accepted.

By applying for units in a Strategy Trust you:

- accept the above offer to arrange; and
- agree that ITG is not responsible for performing any obligation of the Strategy Trust Trustee as issuer of the relevant units in a Strategy Trust.

## Manager

The Manager is an authorised representative of Tanarra Capital Australia Pty Ltd (ABN 88 114 164 331 AFSL 290098) (**TCA**) under its Australian financial services licence (**AFSL**). A subsidiary of the Manager, Tanarra Credit Partners Limited, is licensed by the Securities and Futures Commission of Hong Kong.

The Manager has been appointed by the Trustees to manage each Trust and, as manager, will continue to source and present investment opportunities to the Fund. Persons who successfully subscribe to the Fund will become unit holders in one or more of the Trusts in accordance with their Subscription Agreement.

## Important Information

### *No Disclosure*

Investments in Fund II are by invitation only and that invitation is subject to the terms and conditions in this Memorandum. The offer contained within this Memorandum is only available in Australia to wholesale clients (as defined in section 761G of the Corporations Act) receiving this Memorandum and where any offer of an investment in the Fund would not require disclosure under Part 6D.2 or Part 7.9 of the Corporations Act. The offer to subscribe for units in the Fund does not constitute an offer to any retail client (as defined in the Corporations Act). The Memorandum is not a prospectus or product disclosure statement under the Corporations Act and is not required to be, and has not been, lodged with the Australian Securities and Investments Commission (**ASIC**) or any other government body or regulator under the Corporations Act.

### *Foreign Jurisdictions*

This Memorandum does not constitute an offer or invitation in any place or to any person in or outside of Australia where it would be unlawful to make such an offer or invitation. The distribution of this Memorandum outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this Memorandum comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws. The offer is not available in the United States or to US persons (as defined in the relevant US securities law) unless otherwise approved by the Manager. No public offer of units in the Fund will be made.

### *No Cooling-Off*

Investors in the Fund are not entitled to cooling off rights under the Corporations Act or otherwise.

### *No Obligation*

The Trustees and the Manager are not obliged to accept applications and reserve absolute discretion in limiting or refusing any application.

### *Non-Exhaustive Summary*

This Memorandum contains a non-exhaustive summary of certain proposed features of Fund II. Fees and costs stated in this Memorandum are exclusive of any applicable GST. All dollar amounts are in respect of Australian dollars (unless specified otherwise). Any information provided in this Memorandum and in any other document or communication is subject to the Governing Documents, each as amended, varied, updated, supplemented or replaced from time to time (defined in the Glossary) for the Fund. To the extent of any inconsistency between this Memorandum and the Governing Documents, the Governing Documents prevail.

#### *No Guarantee*

No person guarantees the performance of, or rate of return from, Fund II nor the repayment of capital from Fund II. Investments in the Fund are not deposits with or liabilities of the Trustees or the Manager or any associated company and are subject to investment and other risks, including possible delays in repayment and loss of income or principal invested. Recipients of this Memorandum should ensure they are fully aware of all these risks before investing in the Fund. Further information in relation to the risks associated with an investment in the Fund are contained in section 10.

#### *No Responsibility for Contents*

To the maximum extent permitted by law, neither the Trustees nor the Manager nor any related party, officer, director, adviser or associate of the respective entities provides any representations or warranties in relation to this Memorandum or Fund II and disclaim all responsibility in relation to the Memorandum and the Fund. Neither the Trustees nor the Manager make any representation or warranty as to the accuracy or truth of the contents of this Memorandum.

This Memorandum supersedes all previous representations and communications (including investor presentations) in respect of the Fund. The Manager may vary the offer, including close the offer at any time, accept late subscriptions, increase or decrease the size or timing of the offer, without notice.

Any information or representations not contained in this Memorandum may not be relied upon as having been authorised by the Manager and should be disregarded.

#### *No Liability*

To the maximum extent permitted by law, ITG (including in its capacity as the APAC Trustee) and ITG Sub (including in its capacity as the Strategy Trust Trustee) and each of their associates, related parties, directors, officers, employees, advisers (including financial, accounting and legal advisers) and representatives bear no liability for any loss or damage, howsoever arising and whether foreseeable or not, which results from any person acting in reliance in whole or in part on any information in this Memorandum, or any information provided or made available in connection with any further enquiries.

ITG (including in its capacity as the APAC Trustee) and ITG Sub (including in its capacity as the Strategy Trust Trustee) have not caused or authorised the issue of this Memorandum. As such, they do not take any responsibility for the preparation of the Memorandum.

#### *Forward Looking Statements*

Any forward looking statements in this Memorandum (including statements of intention, projections and expectations of investment opportunities and rates of return) are made only at the date of this Memorandum based on current expectations and beliefs but involve risks, contingencies, uncertainties and other factors beyond the control of the Trustees or the Manager which may cause actual outcomes to be materially different. Assumptions underlying such statements involve judgements which may be difficult to accurately predict. Therefore, such forward looking statements included in this Memorandum may prove to be inaccurate and should not be relied upon as indicative of future matters.

#### *No Advice*

Investors should read the Memorandum in its entirety and understand that the Memorandum is general in nature and is not to be considered as investment, legal or tax advice. This Memorandum does not purport to be complete or to contain all of the information that a prospective investor may require in evaluating an investment in the Fund. The information provided in this Memorandum is general information only and has been prepared without taking account of any person's objectives, financial situation or needs. Any person receiving the information in this Memorandum should consider the appropriateness of this information, in light of their own objectives, financial situation and needs before acting on the information.

#### *Up to Date*

The information in this Memorandum is up-to-date at the time of preparation and some information in this Memorandum, as well as the terms and conditions of the offer, may change from time to time. The Manager may change this Memorandum from time to time without notice and does not have any obligation to update the contents of the Memorandum. Neither the Manager, the Trustees nor their related entities, any of their directors, employees or agents, accept any liability for any loss or damage arising out of the use of all or part or, or any omission, inadequacy or inaccuracy in, the information presented in this Memorandum.

#### *Placement Agents*

The Manager may from time to time appoint one or more placement agents to assist in the placement of interests in the Fund to certain of its clients. Placement fees to the placement agents will be paid and borne by the Manager from its own resources unless otherwise agreed to by an investor. Prospective investors may wish to take such payment arrangements into account when considering and evaluating any recommendations relating to interests in the Fund.

#### *Confidentiality*

Information contained in this Memorandum is confidential proprietary information to the Manager and the Trustees and may not be copied, reproduced or redistributed, directly or indirectly, in whole or in part, to any other person in any manner. Use of any information in this Memorandum for a purpose other than assessing the making, or the making of an investment with the Manager is not permitted. The Manager and the Trustees reserve all rights to take action in connection with any breach of this restriction.

By accepting this Memorandum you are:

- representing that you are a Wholesale Client;
- represent that you have read and agreed to the information contained in this Memorandum, including this Important Notice section; and
- agreeing to keep the Memorandum and its contents confidential and not to provide it to other persons other than your advisers provided they also maintain such confidentiality.

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# Letter to Investors

June 2023

Dear Investor

We are pleased to offer you the opportunity to invest in the Tanarra Credit Partners Asia-Pacific Fund II (**Fund**). The Fund will be managed by Tanarra Credit Partners Pty Ltd ABN 85 614 584 413 (**TCP**) which is an authorised representative of Tanarra Capital Australia Pty Ltd under its Australian financial services licence (AFSL 290 098).

## ABOUT THE FUND

We believe that continued regulatory constraints placed on banks presents a unique opportunity for capital providers to fill the resulting 'funding gap', particularly in the Australasian market.

Accordingly, the Fund has been established to provide investors with an opportunity to invest into an Asia-Pacific diversified portfolio of sub-investment grade corporate floating rate loans, with a focus on Australia and New Zealand. The Fund aims to provide investors with strong, recurring cash flows by investing in senior secured loans with appropriate investor protections designed to protect capital, complemented by select opportunistic debt investments including senior secured growth capital, mezzanine or subordinated credits. The portfolio is floating rate which generally results in increased returns earned by our investments in line with base rates.

The Fund is open-ended and offers investors quarterly redemptions after 31 December 2023 (**Lock Up Date**).

The Fund comprises the TCP Asia-Pacific Fund II (**TCP APAC Fund II Trust**), which invests in the following sub-trusts (**Strategy Trusts**):

- TCP Senior Loan Levered Trust (**TCP Levered Trust**); and
- TCP Credit Opportunities Trust (**TCP Opportunities Trust**).

Details of TCP APAC Fund II Trust investments in the Strategy Trusts are set out in *Section 3*.

The TCP APAC Fund II Trust is targeting a minimum net return of 7.00% - 8.00% over BBSY.

## ABOUT TCP

The Fund is managed by TCP and led by Peter Szekely, Graham Lees and Peter Han, with Michael Tierney as senior advisor, who together have over 90 years of combined global credit markets experience. TCP was established in 2017 and currently manages over \$770m of investor capital, with offices in Sydney, Melbourne, Wellington and Hong Kong. TCP has demonstrated its ability to originate a diverse pool of unique, high quality investments across its broad professional network. Since inception, TCP has invested in excess of \$730m into over 40 investments.

The Fund is sponsored by Tanarra Capital (**Tanarra**), led by John Wylie, one of Australia's pre-eminent corporate advisers and investors. The management team of TCP benefits from the long-term market experience of ex-Westpac Chairman, Lindsay Maxsted, who sits on the Investment Committee along with Peter Szekely, Graham Lees and David Birkbeck (**IC**), and David Smith, ex-First NZ Capital Board member, who acts as senior advisor. Christine Christian, a leading Australian business executive with over 30 years of experience in financial services and former CEO of Dun & Bradstreet Australia, has joined as Chairperson of the Board of Directors as an Independent Director.

## WHY INVEST?

TCP believes that the Fund represents an attractive investment opportunity for the following reasons:

- TCP has demonstrated its ability to construct a diversified portfolio of self-originated and syndicated loans:
  - committed to a number of investments for the Fund since deployment began in February 2022; and
  - achieved Fund I returns of BBSY + 4.84% (since inception through May 2023)
- The Australasian market has created an attractive investment niche including:
  - the opportunity to gain exposure to performing, largely senior secured corporate loans delivering consistent cash returns;
  - the ability to take advantage of banks' higher capital requirements and therefore higher costs to hold loans; and
  - TCP has an early mover advantage in Australia and New Zealand, allowing it to capture value from the growing supply-demand imbalance for credit and establish a market-leading position;
- Provides access to Asia-Pacific private credit which has low correlation with other asset classes, is less volatile, and provides excellent diversification and yield benefits within a broader fixed income portfolio;
- The floating rate nature of the investments may provide a hedge against the risk of inflation and rates rising;
- Taps into adjacent segments to enhance risk adjusted returns;
- TCP's investment team has extensive credit market experience;
- TCP has multi-faceted and proprietary deal sourcing;
- TCP undertakes an investment approach driven by bottom-up credit analysis, structural and contractual downside protections; and
- TCP focuses on portfolio management to maximise returns and reinforce capital protection.

We encourage you to read this Memorandum in detail and look forward to welcoming you to invest in the Fund. Should you have any questions or would like to discuss an investment in the Fund, please contact TCP at [tanarracpgroup@tanarracp.com](mailto:tanarracpgroup@tanarracp.com).

## TANARRA CREDIT PARTNERS

# Summary of Key Terms

Set out below is a summary of key terms of the Fund, which are subject to more detailed information contained in this Memorandum. Refer to the Governing Documents for the complete terms which will supersede and prevail to the extent of inconsistencies with this Memorandum.

Fund Structure	
<b>Fund</b>	Tanarra Credit Partners Asia-Pacific Fund II, comprising of one or more Australian unit trusts.
<b>Structure</b>	<p>The Fund will comprise of:</p> <ul style="list-style-type: none"> <li>• TCP Asia-Pacific Fund II (<b>TCP APAC Fund II Trust</b>), which is available to investors for direct investment; and</li> </ul> <p>the following sub-trusts (each a <b>Strategy Trust</b>):</p> <ul style="list-style-type: none"> <li>• TCP Senior Loan Levered Trust (<b>TCP Levered Trust</b>);</li> <li>• TCP Credit Opportunities Trust (<b>TCP Opportunities Trust</b>),</li> </ul> <p>(each a <b>Trust</b> and together, the <b>Trusts</b>).</p> <p>The TCP APAC Fund II Trust will invest in each of the Strategy Trusts which will hold investments in various debt instruments. The Trusts will be Australian open ended unregistered unit trusts.</p> <p><b>A reference in this Memorandum to the Fund or Fund II means a reference to the TCP APAC Fund II Trust and each of the Strategy Trusts as a whole.</b></p> <p>The Manager may cause the establishment of additional vehicles to form part of the Fund from time to time.</p>
<b>Trustees</b>	<p>ITG Australia TS Pty Ltd ACN 638 489 451 AFSL 521 741 (<b>ITG</b>) is the trustee of the TCP APAC Fund II Trust (the <b>APAC Trustee</b>).</p> <p>ITG Australia TS Sub Pty Ltd ACN 642 379 235 Authorised Representative No 001288246 (<b>ITG Sub</b>) is the trustee of the Strategy Trusts (the <b>Strategy Trust Trustee</b>). ITG Sub is a related body corporate of ITG and, in addition, ITG Sub is a corporate authorised representative of ITG.</p> <p>Offers to issue any units in a Strategy Trust will be made pursuant to an intermediary authorisation between the Strategy Trust Trustee and ITG whereby ITG will make offers to arrange for the issue of such units in a Strategy Trust by the Strategy Trust Trustee and the Strategy Trust Trustee will issue those units in the Strategy Trust in accordance with such offers, if they are accepted.</p>
<b>Custodian</b>	The APAC Trustee will hold the assets of the TCP APAC Fund II Trust on custody and the Strategy Trust Trustee will hold the assets of the Strategy Trusts on custody.

<b>Manager</b>	Tanarra Credit Partners Pty Ltd ACN 614 584 413 an authorised representative (number 001248323) of Tanarra Capital Australia Pty Ltd ACN 114 164 331 the holder of AFSL number 290098. A subsidiary of the Manager, Tanarra Credit Partners Limited, is licensed by the Securities and Futures Commission of Hong Kong. The Manager has been appointed as the investment manager of TCP APAC Fund II Trust and each Strategy Trust.
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## Fund Details

<b>Target Fund Size</b>	<p>A\$1,000 million across the Fund as a whole.</p> <p>The Manager may determine to accept subscriptions in excess of this amount, vary the Target Fund Size or close the Fund or any Trust to subscription at any time.</p>
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<b>Investment Objectives</b>	The Fund's investment objective is to provide investors with attractive risk-adjusted returns with a focus on capital preservation. The Manager will seek to deliver a differentiated asset-class exposure compared to other offerings in the non-investment grade credit space.
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<b>Investment Strategies</b>	<p>The Fund seeks to provide investors with exposure to investments in debt instruments of companies across the Asia-Pacific region, of a which a majority of investments are expected to be in respect of companies primarily domiciled or operating in Australia and New Zealand, with investee companies having strong credit fundamentals, leading market positions and proven management teams.</p> <p>The Fund seeks to gain exposure to a combination of senior and subordinated loans to protect the principal investment while securing attractive risk adjusted returns. The Fund may be exposed to bilateral loans, primary loan syndications, secondary loan purchases, and senior, mezzanine or HoldCo financings.</p>
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Trust	Investment Strategy
TCP APAC Fund II Trust	Exposure to sub-investment grade, senior secured and subordinated debt via the Strategy Trusts
TCP Levered Trust	Sub-investment grade senior secured loans and other debt instruments, with yield enhanced by fund-level leverage
TCP Opportunities Trust	Higher yielding, sub-investment grade senior secured and subordinated loans and other debt instruments. May also include equity or equity-like instruments with the potential to enhance returns

<b>Target Net Return</b>	<b>Trust</b>	<b>Target net return (BBSY + p.a.)</b>
	TCP APAC Fund II Trust	7.00% - 8.00%
	This is a blend of the following target returns for the underlying Strategy Trusts:	
	TCP Levered Trust	6.25% - 7.00%
	TCP Opportunities Trust	9.00% - 10.00%
	The target return is net of fees, costs and taxes incurred by the relevant Trust including distributions (and any Transaction Benefits allocated by the Manager to the Trust) from the relevant Trust, expected to be paid quarterly or otherwise at the discretion of the Trustee.	
	This is a target only. The Trusts may not achieve these returns.	
<b>Eligible Investors</b>	The Fund and each Trust is only open to certain qualifying investors such as wholesale clients (as defined in the Corporations Act).	
<b>First Issue Date</b>	The date on which the first unit in a Trust (other than any Initial Units) are issued for consideration.	
<b>Term</b>	In respect of each Trust, from the First Issue Date until the earlier of: <ul style="list-style-type: none"> <li>(a) termination by the Trustee;</li> <li>(b) an Ordinary Resolution is passed to terminate the Trust where: <ul style="list-style-type: none"> <li>(i) an insolvency event occurs in respect of the Trustee or Manager;</li> <li>(ii) the Trustee or Manager have acted with negligence, fraud, dishonesty or wilful misconduct in its role as Trustee or Manager; or</li> <li>(iii) the Trustee or Manager is in breach of a material obligation under a Governing Document which has had a materially adverse effect on the Trust or investors and the breach is not remedied within 20 Business Days after the Trustee or Manager first became aware of the breach or should reasonably have become aware of the breach; or</li> </ul> </li> <li>(c) termination by Special Resolution.</li> </ul>	
<b>Co-Investments</b>	The Manager has discretion to allocate co-investment opportunities to investors or third parties as it determines.	
<b>Transaction Benefits</b>	Class A units: The Manager has determined to allocate to that Class, 50% of the Transaction Benefits it receives that is referable to that Class ( <b>Transaction Benefits Split</b> ).	
	Class B units: Transaction Benefits referable to that Class will be retained by the investors in the Class.	

## Fees and expenses

### Maximum Establishment Costs

\$250,000 plus GST for the Fund as a whole, capped at \$150,000 for the TCP APAC Fund II Trust and \$100,000 for each Strategy Trust. The Manager will bear any establishment costs of a Trust in excess of the Maximum Establishment Costs.

### Management Fees

There are two management fee options:

Trust	Class A	Class B
<b>TCP APAC Fund II Trust</b>	0.45% of the Net Trust Value per annum to be paid to the Manager plus the Transaction Benefits Split	0.75% of the Net Trust Value per annum to be paid to the Manager*

\* *Transaction Benefits referable to Class B units will be retained by the investors in that Class*

Management Fees are exclusive of GST and are paid out of the assets of each Trust quarterly in arrears.

Please refer to section 6.1 for more information on Management Fees.

### Incentive Fee

The Incentive Fee for each Trust is equal to 10.00% of the Unit Return above the Hurdle. The Incentive Fee is exclusive of GST and is paid out of the assets of the relevant Trust to the Manager. The Incentive Fee is calculated and accrued monthly and payable annually in arrears, and at such other times as required in accordance with the Trust Deed.

Please refer to section 6.2 for more information.

### Hurdle

In respect of each unit of the TCP APAC Fund II Trust, an amount equal to BBSY plus the Hurdle per annum multiplied by the Issue Price of the unit.

Trust	Hurdle
TCP APAC Fund II Trust	6.00%

### Distributions In-Specie

The Trustee may only make distributions of Trust property other than cash and tax credits to an investor with the consent of the investor to whom the distribution is proposed to be made.

### Distribution Reinvestment

An investor may elect to re-invest distributions to which that investor is entitled for additional units.

## Fund Governance

<b>Reinvestment</b>	<p>The Trustee may reinvest the proceeds received from the realisation, refinancing or repayment of an investment.</p>
<b>Lock-Up</b>	<p>Other than where approved by the Trustee and Manager in their absolute discretion, no unit may be redeemed or put into 'run-off' until 31 December 2023 (<b>Lock Up Date</b>).</p>
<b>Liquidity</b>	<p>Following the Lock Up Date, investors will have two liquidity options in respect of their units:</p> <ul style="list-style-type: none"><li>(a) an investor may make a request to redeem their units (<b>Redemption Request</b>) by giving at least 60 days written notice before the "Redemption Date" being the last business day of each calendar quarter (or such other date determined by the Manager). The Trustee may accept or reject a Redemption Request in its absolute discretion.</li><li>(b) they may request to have their units put into run-off (<b>Run-Off Request</b>), where a proportion of the Trust's investments will be attributed to the investor and will be subject to the run-off terms. Liquidation proceeds will be paid to the investor as and when those investments are realised or repaid (as the case may be) and the proceeds will be based on the actual amount received from the Trust for those investments less any expenses or fees.</li></ul>
<b>Capital Commitment Calls</b>	<p>The Trustee may from time to time, by giving notice in writing no later than 10 Business Days before a call (<b>Call Notice</b>), call on an investor to contribute part or all of its unpaid Capital Commitment (<b>Capital Call</b>).</p> <p>Capital Calls will be made in order of subscription and may be called pro rata across investors that have subscribed in the same month.</p> <p>The Trustee will issue fully paid ordinary units after it has received the amount of a Capital Call at the Net Unit Value as at the time the units are issued.</p> <p>The Trustee will call upon all of an investor's Capital Commitment within 24 months of acceptance of the Subscription Agreement (<b>Second Anniversary</b>). Where a Trustee has not called upon all of an investor's Capital Commitment by the Second Anniversary, an investor may request to revoke part or all of its unpaid Capital Commitment by providing the Trustee with 90 days' notice of the revocation.</p>
<b>Classes</b>	<p>From time to time, the Trustee may establish Classes of units whose terms may differ from those contained in this Memorandum.</p>
<b>Valuations</b>	<p>A Trust's investments will generally be valued:</p> <ul style="list-style-type: none"><li>• when required under the Accounting Standards or Valuation Guidelines;</li><li>• when the Trustee or Manager retires or is removed;</li><li>• when the Trust is wound up; or</li><li>• when the Trustee or Manager otherwise sees fit.</li></ul> <p>Please refer to section 8.4 of this Memorandum for more information.</p>

## 2.1 About the Manager

TCP is an investment manager specialising in private credit instruments. TCP was established in 2017 and is led by Peter Szekely, Graham Lees and Peter Han, with Michael Tierney as Senior Advisor, who together have over 90 years of combined global credit markets experience.

TCP currently manages over \$770m of investor capital, with offices in Sydney, Melbourne, Wellington and Hong Kong, and has demonstrated its ability to originate a diverse pool of unique, high quality investments across its broad professional network. Since inception, TCP has committed in excess of \$730m into over 40 investments.

TCP is an authorised representative of Tanarra Capital Australia Pty Ltd (ABN 88 114 164 331 AFSL 290098) (**Tanarra Capital**). Tanarra Capital is led by John Wylie, one of Australia's pre-eminent corporate advisers and investors.

### BOARD OF DIRECTORS

**CHRISTINE  
CHRISTIAN (CHAIR)**



**JOHN  
WYLIE**



**ANNA  
SHAVE**



**PETER  
SZEKELY**

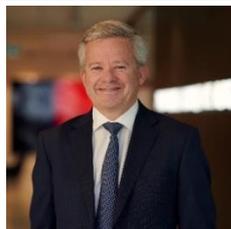


**GRAHAM  
LEES**



### SENIOR ADVISORS

**MICHAEL  
TIERNEY**



**LINDSAY  
MAXSTED**



**DAVID  
SMITH**



### INVESTMENT COMMITTEE

**PETER  
SZEKELY**



**GRAHAM  
LEES**



**LINDSAY  
MAXSTED**



**DAVID  
BIRKBECK**



**MICHAEL  
TIERNEY**



## 2.2 Senior Management Team

TCP was founded in 2017 and is led by Peter Szekely, Graham Lees and Peter Han, with Michael Tierney as Senior Advisor, who together have over 90 years of combined global credit markets experience. Michael worked with Peter and Graham at Credit Suisse, where they originated, structured and executed many of the landmark leveraged finance transactions in the region.

### Peter Szekely



Peter is a founding member of TCP and sits on the Board, Investment Committee and Audit, Risk and Compliance Committee. He is responsible for the business management and investment activities across

TCP's regional footprint.

Peter brings over 25 years of debt market experience. Peter has experience in both private and public debt markets, having previously led Morgan Stanley's Asia-Pacific leveraged finance team, as well as Standard Chartered's global high yield bond business. He worked with Michael Tierney at Credit Suisse, where he focused on high yield bond origination, before setting up the Hong Kong Leveraged Finance business. Peter started his career at JPMorgan in New York and spent the first 8 years of his working career in credit functions, primarily loan syndications. He was most recently head of funds coverage for ANZ.

Peter holds a BA in Economics and Chinese from Middlebury College.

### Graham Lees



Graham is a founding member of TCP and sits on the Board and Investment Committee. He is responsible in Australia for deal sourcing and origination, investment, credit structuring and execution.

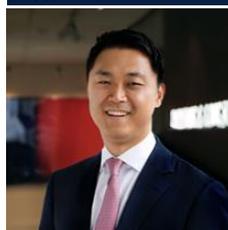
Graham has over 20 years of debt market experience, primarily focused on the leveraged finance market. He was most recently Head of Leveraged Finance Australia at JP Morgan from 2012 to 2016 after spending five years as a Director in Credit Suisse's Leveraged Finance team.

Graham started his career as a graduate at ANZ's Institutional Bank. He spent two and a half years in a

credit and relationship management team before moving to ANZ's leveraged finance team. He then moved to Barclays Capital Global Loans team, before joining Credit Suisse as a Director in their Leveraged Finance team. Graham's role prior to joining TCP was Head of Leveraged Finance Australia at JP Morgan.

Graham holds a Master of Applied Finance from Macquarie University and Bachelor of Applied Finance / Bachelor of Commerce (Actuarial Studies) from Macquarie University.

### Peter Han



Peter is a Managing Director based in Hong Kong and joined TCP in 2021, strengthening the team's capabilities for opportunistic investments and expanding TCP's investment reach across the Asia-Pacific

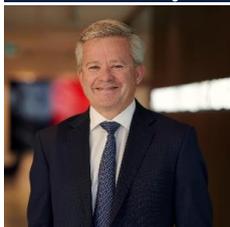
region. Prior to TCP, Peter was an Executive Director at Tor Investment Management where he spent four years focusing on originating and executing private and public credit investments across Asia-Pacific.

Peter started his career at UBS where he completed the Analyst Training Program in London, before spending over seven years in their M&A and special situations teams based in Hong Kong where he focused on providing bespoke high-yield private financing solutions for corporates across Asia-Pacific. He then moved to PAG, a Hong Kong based alternative investment platform, where he focused on Asian direct lending and special situations investments including NPLs between 2013 and 2017.

Peter holds a Bachelor of Finance and Bachelor of Laws from the University of New South Wales and has completed a Certificate in ESG Investing from the CFA Institute.

## 2.3 Senior Advisory Team

### Michael Tierney, Founder & Senior Advisor



Michael is a founder of TCP, senior advisor, and alternate on the Investment Committee. Michael has over 35 years of leveraged finance origination, structuring and execution experience in Sydney,

Melbourne, Hong Kong, Tokyo and New York and was a leading figure in the Asia Pacific leverage and acquisition finance market for 25 years with Credit Suisse.

Michael started his career with Merrill Lynch in the US High Yield market in the late 1980's and has worked on a string of landmark deals including the leveraged buyout of RJR Nabisco in the US. Michael was a pioneer of the leveraged finance market in Australia, leading many of the first LBO deals to come to market. More recently Michael led the Asian financing teams at Credit Suisse on significant transactions across the Asia Pacific and US leverage finance markets. Michael was responsible for managing Credit Suisse's Australian financing book, including monitoring each position's credit risk and exposure.

### Lindsay Maxsted, Senior Advisor

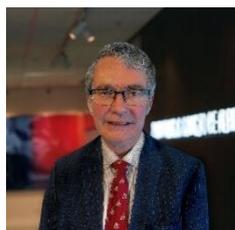


Lindsay sits on the Advisory Committee of the Tanarra Group and on the Investment Committee of TCP. Lindsay is one of the most experienced business professionals in Australia, with over thirty years

of senior executive and Board level experience including being a Non Executive Director of three ASX20 companies.

Most recently Lindsay was the Chairman of Westpac from 2011 to 2020, having joined the board as a non-executive director in 2008. Lindsay has also served on the boards of directors of the Transurban Group (where he continues to act as Chairperson) and BHP. From 1984 to 2008, he was a partner of KPMG Australia where he specialised in corporate recovery, and was the CEO of the firm from January 2001 to December 2007.

### David Smith, Senior Advisor



David joined TCP in 2021 as a special advisor to its New Zealand operations.

David brings over thirty years of experience in the New Zealand investment banking industry at First NZ

Capital/Credit Suisse NZ (now Jarden) where he was involved in a wide range of debt and equity funding, advisory, merger and acquisition transactions and was Head of Debt Capital Markets.

David played a major part in developing the market for hybrids and leveraged buyouts in New Zealand. Most recently David has provided corporate finance advice with TDB Advisory. David is currently a director of Kiwi Insurance and Catalist Markets and previously served on the Boards of FNZ and Credit Suisse Emerging Companies.

## 2.4 Board of Directors

The TCP Board of Directors (**Board**) is responsible for ensuring that TCP implements its corporate business plan and develops strategies to grow its business. The Board is responsible for ensuring that TCP complies with its obligations under its policy documents and agreements to which it is party, including but not limited to its corporate authorised representative agreement and Management Agreements.

The members of the Board are Christine Christian (Chair), John Wylie, Anna Shave, Peter Szekely and Graham Lees.

### Christine Christian AO, Chair & Independent Director



Christine acts as Chair and Independent Director of Tanarra Credit Partners. Christine is a company director, investor and entrepreneur with a 35-year career spanning financial services, investment, private equity, credit risk, government and media sectors.

Christine currently holds a number of board and directorship roles including Credit Clear and MaxCap. Previously Christine was the CEO of Dun & Bradstreet Australia for over 14 years and has served as non-executive director of ME Bank, Scottish Pacific Finance and the ASIC Business Advisory Council.

In 2020, Christine was appointed Officer of the Order of Australia in recognition of her distinguished service to the financial and investment sectors, to women in business and support for emerging entrepreneurs.

### John Wylie AC, Board Member, Tanarra Capital



John is the co-founder of TCP and founder of Tanarra Capital. Before founding Tanarra Capital, John co-founded Carnegie, Wylie & Co., a highly successful Australian corporate advisory firm which was acquired by Lazard in 2007. John then served as CEO of Lazard Australia until 2014. He has been a Principal of two private equity funds under Carnegie, Wylie & Co. and Lazard ownership which have produced strong investment returns for investors.

John is the former President of the Library Board of Victoria, former chair of the Australian Sports Commission, and former chair of the Melbourne

Cricket Ground Trust for 14 years from 1999 to 2013. In that role he chaired the Steering Committee for the A\$465 million redevelopment of the ground ahead the 2006 Commonwealth Games.

### Anna Shave, Board Member, Tanarra Capital



Anna sits on the Board of Directors for TCP. Anna is a Principal and member of the Investment Committee of Tanarra Capital, with over twenty years' experience in the corporate and investment

banking fields. Anna spent nearly six years in New York with Bank of America Merrill Lynch, and later JPMorgan. More recently she spent six years with Fortescue Metals Group (FMG: ASX) in a variety of roles, including key involvement as part of the project team which delivered significant cost-out initiatives across the company.

### David Birkbeck, Chief Financial Officer



David is the Tanarra Group and Tanarra Credit Partners' Chief Financial Officer and Company Secretary. He sits on the Investment Committee and Audit, Risk and Compliance Committee for TCP.

David is a highly experienced and skilled CFO, having serviced in that role from 2001 to 2010 at Carnegie, Wylie & Co. and subsequently Lazard Australia, before exiting to establish his own independent multi Family Office business. He has been involved in over 100 plus private equity deals including the acquisition of Dun & Bradstreet, Geotech and the sale of CWC to Lazard.

## 2.5 Investment Committee

The Investment Committee has been established by the TCP Board of Directors and at the date of this Memorandum is comprised of Peter Szekely (Chair), Graham Lees, Lindsay Maxsted, and David Birkbeck with Michael Tierney acting in his capacity as an alternate. The TCP Board of Directors may appoint a replacement to the Investment Committee as it determines in its discretion from time to time. The Investment Committee is responsible for the review and approval of each investment opportunity, and ongoing monitoring and compliance oversight.

The Investment Committee set out above is the Investment Committee as at the date of this Memorandum. There may be changes made to the Investment Committee by the Manager in its absolute discretion from time to time.

*See section 5.2 Investment Committee for additional details about the Investment Committee.*

## 2.6 Risk, Audit and Compliance Committee

The Tanarra Group has established a Risk, Audit and Compliance Committee that provides guidance to group companies, including TCP, to ensure that an effective risk management framework and practices are maintained. TCP's Risk, Audit and Compliance Committee meets together with that of the Tanarra Group, to uphold its regulatory and compliance obligations.

The Risk, Audit and Compliance Committee is responsible for reporting financial information, applying accounting policies, liaising with TCP auditors, valuation policy and review, financial management, internal control systems, risk management, management of any conflicts of interest which may arise, overseeing regulatory and contractual compliance including with Fund documentation and review and monitoring of adequate professional insurances and contingency plans.

The TCP Committee is comprised of four members: Andrew King, David Birkbeck, Peter Szekely, and the Tanarra Group Head of Compliance, Fiona Doherty.

The Committee will meet at least once per quarter. One of these meetings will be specifically related to investment valuations, annual financial statements and related disclosure.

## Overview of the Investment Strategy

### 3.1 Investment Objective

The Fund's investment objective is to provide investors with attractive risk-adjusted returns with a focus on capital preservation. The Manager will seek to deliver a differentiated asset-class exposure compared to other offerings in the non-investment grade credit space.

The Fund seeks to generate a minimum net return to investors over BBSY by providing credit facilities to primarily mid-market corporates, diversified by sector, geography, and individual borrower.

The target net return for each Trust is as follows:

Trust	Target net return (BBSY + p.a.)
TCP APAC Fund II Trust	7.00% - 8.00%

This is a blend of the following target returns for the underlying Strategy Trusts:

TCP Levered Trust	6.25% - 7.00%
TCP Opportunities Trust	9.00% - 10.00%

The primary investment vehicle is the TCP APAC Fund II Trust. For commitments above a minimum amount (anchor-size), investors may invest directly in a Strategy Trust.

The target return is net of fees, costs and taxes incurred by the relevant Trust including distributions (and any Transaction Benefits allocated by the Manager to the Trust) from the relevant Trust, expected to be paid quarterly or otherwise at the discretion of the Trustee.

The Trusts may not achieve these returns.

### 3.2 Investment Strategy

The Fund has been designed to provide investors with exposure to investments in debt instruments of companies primarily domiciled or otherwise located in Australia and New Zealand with strong credit fundamentals, leading market positions and proven management teams, complemented by select strategic financing opportunities across the Asia-Pacific region.

The Fund will implement investment strategy through each Trust as follows:

Trust	Investment Strategy
TCP APAC Fund II Trust	Exposure to sub-investment grade, senior secured and subordinated debt via the Strategy Trusts
TCP Levered Trust	Sub-investment grade senior secured loans, with yield enhanced by fund-level leverage and other debt instruments
TCP Opportunities Trust	Higher yielding, sub-investment grade senior secured and subordinated loans and other debt instruments across the Asia-Pacific region.  May also include equity or equity-like instruments with the potential to enhance returns

The portfolio of the Fund will be underpinned by senior secured loans in Australia and New Zealand, complemented by adjacent opportunities in Australia, New Zealand and Asia. The Fund combines two main investment strategies as follows:

#### Australia / NZ Senior Loans

Investments will primarily focus on sub-investment grade, senior secured loans in the acquisition finance market which meet the required risk/return parameters in Australia and New Zealand (with select Asian investments). Mid-market corporate loans for private equity investee companies will be the primary constituent of the portfolio, consistent with the Fund I investment strategy. The strategy combines bi-lateral loans with maintenance covenants and modest leverage, complemented by broadly syndicated financings with appropriate risk/return parameters.

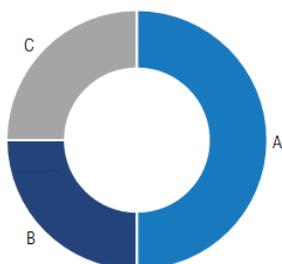
## Opportunistic

Takes advantage of opportunities adjacent to the Fund I strategy which the team has previously passed on, with a bias towards higher yielding structures (in some cases, may include equity or equity-like instruments with the potential to enhance returns). In Australia and New Zealand, investment structures will include 2nd lien / HoldCo mezzanine loans that are junior to senior secured loans as part of larger private equity related and corporate event financings, in addition to senior growth / opportunistic financings, and select property credits. Turnaround funding will also be contemplated where business fundamentals are strong and the pathway to improved performance is well-articulated and capable of being successfully executed.

Asian investments cover a broad range of opportunities in both corporate and private equity financings for sound, growing businesses. Asian investment structures will include a combination of senior secured growth and situational financings, select property credits, and HoldCo off-shore financings where market diversity and complexity creates a risk premium vs. Australia/NZ markets. Investments may include the acquisition of debt instruments on an opportunistic basis, for example, corporate bonds and convertible notes. The investment focus is on developed Asian markets with robust legal and regulatory frameworks, including Hong Kong, Singapore, Japan, Korea, and Taiwan. Where there is an attractive risk-adjusted opportunity, the investment strategy may take advantage of unique opportunities across other countries in the region.

The illustrative investment split is shown below:

Figure 1 Fund II Illustrative Investment Split



A	Australia / NZ Senior Loans Strategy	50-100%
B	Australia / NZ Opportunistic Strategy	0-25%
C	Asia Opportunistic Strategy	0-25%

The table below outlines transactions recently seen in the market that are representative of the types of deals the Opportunistic investment strategies intend to target:

### Australia / NZ Opportunistic Loans & Credits

#### Senior Secured

- Bolt-on acquisition financing for a child care business operating across the eastern seaboard
- 16%, 2-year, 6.5x leverage

#### Second Lien

- BPO business buy-out by a global PE firm
- 8.0% margin, OID of 98, 8-year, 6.2x total leverage

#### Holdco Share Financing

- Major shareholder seeking senior secured financing against its controlling stake in a New Zealand telecom operator
- 12% margin, 4-year, 5x total leverage

#### Property Financing

- Senior secured loan to fund the renovation and repositioning of a commercial property in Auckland CBD
- 9.5%, 3-year, LTV of 65%

### Asia Opportunistic Loans & Credits

#### Senior growth

- Senior secured financing to carve-out a Hong Kong division from a global consumer electronics company to establish an independent brand
- 15.5%, 3-year, 5x leverage

#### Holdco Share Financing

- Leverage for financial sponsor acquiring a controlling majority stake in a precision mechanics company
- 15%, 5-year, 5x collateral coverage

#### Holdco Mezzanine

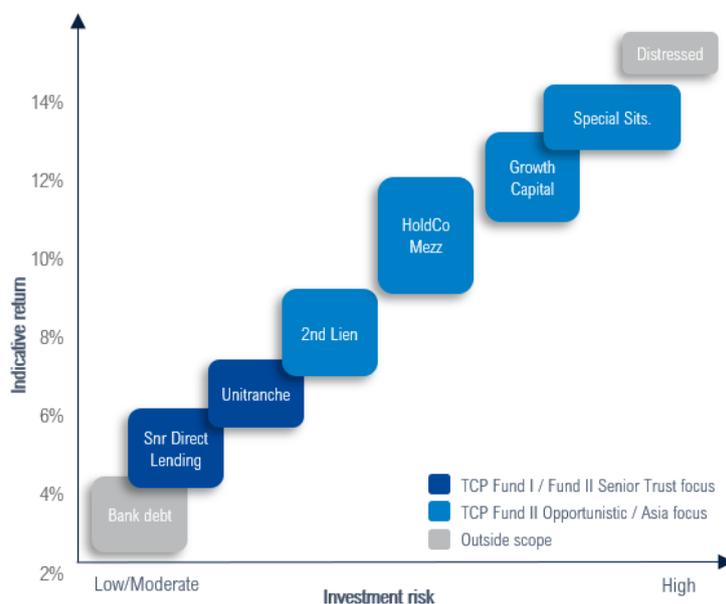
- Refinance of Singaporean supply chain services business backed by a global PE firm
- 15%, 6-year, 6.5x total leverage

#### Property Financing

- Senior secured loan to release equity for a completed residential property in Japan
- 10% margin, 3-year, LTV 65%

Figure 2 below illustrates the risk/return profile of various fixed income instruments across which the Fund will invest:

Figure 2 Illustrative fixed income investment risk/return profiles<sup>1</sup>



The table below outlines the types of structures the Fund will contemplate:

	Australia & New Zealand				Asia	
<b>Loan type</b>	Traditional Bank Style	TLB & Unitranche	Growth / Situational	Subordinated / Mezzanine	Growth / Situational	Subordinated / Mezzanine
<b>Margins (% p.a.)<sup>2</sup></b>	3.5-4.5%	4.5% - 6.5%	7.5% - 12.5%	6.5% - 12.5% incl. PIK component	6.5% - 12.5%	7% - 13%
<b>Tenor</b>	3 – 5 years	5 – 7 years	3 – 5 years	5 – 7 years	3 – 5 years	3 – 5 years
<b>Covenants</b>	Yes (2+ maintenance)	Cov-lite or leverage covenant only	Yes (2+ maintenance)	Yes, looser than Senior Covenants	Yes (2+ maintenance)	Yes, looser than Senior/OpCo Covenants
<b>Leverage (Debt / EBITDA)</b>	2 – 4x	4 – 6x	2 – 3x	4 – 6x	2x – 7x	2x – 8x
<b>Security Ranking</b>	1 <sup>st</sup> Lien Senior Secured	1 <sup>st</sup> Lien Senior Secured	1 <sup>st</sup> Lien Senior Secured / Subordinated / Junior	2 <sup>nd</sup> Lien Senior Secured / Senior Unsecured / Holdco Mezz	1 <sup>st</sup> Lien Senior Secured / Subordinated / Junior	Security over HoldCo shares / Structurally subordinated to OpCo debt

<sup>1</sup> Source: IHS Markit (2017) The Rise of Private Debt

<sup>2</sup> May include back-ended economics such as PIK or exit fees, as well as equity kickers or sweeteners

### 3.3 Benefits of Investing in the Fund

The Manager believes that the Fund provides an attractive investment opportunity for a number of key reasons. Each of these reasons has been addressed below.

#### Australasian market has created an attractive investment niche

Opportunity exists to gain exposure to performing, largely senior secured corporate loans delivering consistent cash returns:

- Focus on capital preservation balanced with compensation for risk;
- Differentiated asset class and exposure compared to available offerings in the high yield credit space (i.e. public bond funds).

Ability to take advantage of banks' higher capital requirements and therefore higher costs to hold loans:

- The Reserve Banks of Australia and New Zealand have pro-actively required the domestic banks to hold more Tier 1 Capital, forcing up their cost of capital and restricting their ability to grow their balance sheets;
- An industry-wide need to reduce risk weighted assets, driving a reallocation of bank capital away from capital intensive sectors including non-investment grade lending;
- A unique opportunity for alternative capital providers to fill the resulting 'funding gap' has been created.

In the Manager's view, TCP has an early mover advantage in Australia and New Zealand, allowing it to capture value from the growing supply-demand imbalance for credit and establish a market-leading position:

- Institutional private direct lending in Asia-Pacific is at a similar stage developmentally to the US 15+ years ago, and Europe 10+ years ago;
- Banking regulatory policy trends underpin the thesis as new capital and liquidity requirements are introduced;
- Strong tailwinds underpinning direct lending opportunities to mid-market borrowers in Australia and New Zealand, creating a favourable supply-demand dynamic for TCP which specializes in this market segment.

#### Hedge against inflation and rate risk

TCP typically invests in floating rate loans. As an example, the average weighted interest rate profile in the Fund I portfolio is between 2 – 3 months, where interest on loan investments is comprised of a base rate (reset at each interest roll) plus a spread. Therefore, when rates increase, the portfolio's investment returns are expected to increase as the base rate is set higher. We have seen this dynamic in action throughout the course of 2022 and into 2023 as the interest rates earned by our investments have increased in parallel with the rise in base rates (noting that past performance is not a reliable indicator of future performance). However, the performance of borrowers (and accordingly their ability to service their debt) may also be impacted by rising interest rates, which may result in risk for the Fund. This is in contrast to fixed income (bond) investments where the interest rate is set for the life of the instrument. Please refer to section 10.1 of this Memorandum for more information on interest rate risk.

#### Tapping adjacent segments enhances risk adjusted returns

TCP has demonstrated its ability to build a high quality, diversified portfolio delivering, in TCP's opinion, attractive risk adjusted returns. Please see 'TCP Performance Track Record' for more information about TCP's experience.

The Fund seeks to expand TCP's strategy to adjacent opportunities which offer higher returns for second lien, subordinated or situational financings consistent with TCP's Fund I approach:

- Significant opportunities for investment in companies which the Manager has not pursued due to the risk/return parameters of Fund I;
- Investments will continue in a combination of private equity and corporate borrowers;
- Asian investments will focus on developed markets, specifically Hong Kong, Singapore, Japan and Korea, and take advantage of unique opportunities across other countries.

TCP's experience across the region opens up access to unique investment opportunities.

### TCP's investment team has significant credit market experience

The leadership team of Peter Szekely, Graham Lees and Peter Han, with Michael Tierney as Senior Advisor, together have over 90 years of global credit market experience in both private and public markets:

- Credit trained with careers built on detailed credit analysis and management;
- Origination, structuring and execution experience with an understanding of available protections to lenders;
- Experience through credit down cycles including debt restructurings;
- Have originated, led, structured, executed and syndicated many of the landmark leveraged finance transactions in the region.

TCP has demonstrated its ability to originate a diversified, well-constructed portfolio through Fund I which withstood the impacts of COVID-19 (noting however that past performance is not a reliable indicator of future performance and may not be repeated).

Furthermore, the team has already successfully originated and committed to a number of investments for the Fund since deployment began in February 2022.

TCP's leadership team also brings investment experience across Asia-Pacific major markets:

- Graham Lees and Michael Tierney based in Australia;
- Peter Szekely and Peter Han based in Hong Kong, where they have been for over 15 years each;

The addition of Lindsay Maxsted, ex-Chairman of Westpac, to the IC adds his experience across global credit markets and through credit cycles to further bolster TCP's decision-making and to enhance TCP's internal processes.

### TCP has multi-faceted and proprietary deal sourcing ability

TCP's senior management team maintains long-standing and trusted personal and professional relationships with private equity sponsors, corporates, banks, accounting and legal firms, as well as other intermediaries such as debt advisors.

The majority of investments are proprietary deals as a result of TCP's speed to market, structuring experience, and ability to deliver creative financing solutions.

As a result, the TCP has access to a wide range of syndicated transactions from which to "cherry pick" the attractive deals from a risk/return perspective.

Banking relationships offer an additional source of deal flow, through both the primary and the secondary loan markets.

### Ability to construct a defensive portfolio

TCP considers that Fund I performance (including through the COVID-19 crisis) has demonstrated the team's ability and approach with net returns of BBSY + 4.84% (or, 5.96% on an all-in yield basis) since inception (noting that past performance is not a reliable indicator of future performance)<sup>3</sup>.

The Fund focuses on lending to companies with strong credit fundamentals, leading market positions and/or operational excellence together with proven management teams.

A significant portion of the Fund's investments are intended to be event driven transactions working in coordination with high quality private equity sponsors with whom TCP has long-standing relationships.

These transactions seek to generate attractive risk-adjusted returns with strong capital protection measures via first ranking priority security structures and maintenance financial covenants.

TCP focuses on companies with consistent earnings, high cash generation and leading market positions. Macro and asset price exposure is avoided to construct a portfolio which can withstand market shocks.

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<sup>3</sup> As at end May 2023, the net returns of Fund I are on a realised cash and accrued interest basis and the Manager is paid carry when all Fund I assets are realised. All-in yield includes the relevant benchmark rate (BBSY) and upfront fees. Please see section 9.6 for further information on the differences between Fund I and Fund II

### **Investment approach driven by bottom-up credit analysis, structural and contractual downside protections**

Creditworthiness and capital protection drive TCP's investment decisions. No diligence process is the same but the underlying principle is to understand the key strengths of, and risks to, each credit to effectively mitigate the downside risk of any investment.

TCP typically receives third party due diligence reports, including market, accounting, tax, commercial and legal reports, to assist with the diligence process.

TCP's investment process includes rigorous on-the-ground financial and legal due diligence, and industry analysis.

Tailored documentation is negotiated on a deal-by-deal basis, with specific maintenance financial covenants and other restrictions (such as acquisition and disposal restrictions) embedded to create appropriate lender protections and maximise downside protection.

Investments into cov-lite loans are only made on an exceptional basis where the team is satisfied the strength of the borrower's credit profile effectively mitigates the lack of covenant protections.

### **A focus on portfolio management to maximise returns and reinforce capital protection**

TCP's IC is responsible for the provision of all approvals for any proposed investments and continues to hold responsibility for the monitoring of asset quality through the investment life.

The IC reviews and signs off on in-depth monthly portfolio updates, including valuations, borrower ratings and compliance reports. Emphasis is placed on transparent valuations reflecting market pricing movements and change in borrower credit profile.

The IC also monitors market risks, portfolio mix, and divestment opportunities.

### **Access to Asia-Pacific private credit provides diversification benefits**

Private credit typically has low correlation with other asset classes, is less volatile, and provides excellent diversification and yield benefits within a broader fixed income portfolio.

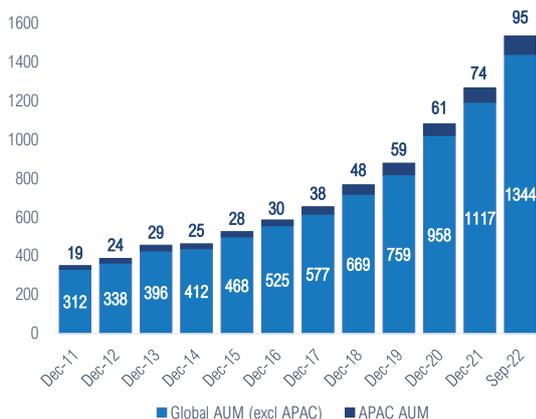
Private credit instruments are largely floating rate which passes through cash rate movements (acting as a hedge against inflation) and therefore does not impact a loan's capital value.

#### 4.1 Overview of the Private Credit Market

Private credit includes any debt or financing provided by private companies, primarily non-bank institutions such as specialised credit managers, insurance and asset managers, superannuation funds and family offices. Private credit provides funding for companies where traditional bank lending may not be available such as where there are complex financial structures, for start-up or growth companies, or for sub-investment grade borrowers with large lending requirements<sup>4</sup>.

With the growth in private credit funding and the increasing regulatory requirements placed on traditional bank lenders, corporates and large private equity owned companies are increasingly turning to private credit to meet their funding needs<sup>5</sup>. Globally, private credit has enjoyed sustained growth over the past decade, maturing in both size and recognition, with Figure 3 showing total assets under management (AUM) reaching a record US\$1.4 trillion in September 2022.

Figure 3 Global Private Credit AUM Growth (US\$bn)<sup>6</sup>



While private credit in the Asia-Pacific region (APAC) has also enjoyed strong growth recently, with estimated total AUM of US\$95 billion as of September 2022, it remains a small and underweight segment comprising only 7% of the total global private credit market.

The high sustained economic growth of the region has continued to fuel the need for capital in order to finance growing businesses across APAC. This trend is set to accelerate further as APAC's share of the global economy continues its rise as we emerge from the pandemic.

TCP sees strong demand for credit that is not being met adequately via traditional funding channels which remain heavily bank-driven in APAC. As more global investors turn their attention to APAC, seeking exposure to this increasingly important and relevant region, we see an unprecedented opportunity to meet the demands of an attractive, growing yet significantly under-served private credit market.

In TCP's view, an allocation to private credit may provide the following benefits to investors:

- Reliable income stream (regular fixed interest payments)
- Capital preservation (preferred ranking, lender protections)
- Diversification (low correlation, low volatility)
- Opportunity for attractive risk-adjusted returns (resulting from market dislocations such as the funding gap being created by increased banking regulation)

<sup>4</sup> Source: Pitchbook

<sup>5</sup> Source: Australian Investment Council

<sup>6</sup> Source: Preqin Pro

At the same time, TCP considers that loan market dynamics are increasing the opportunity set for deployment, particularly in Australia/NZ:

- *Increased Regulation:* Bank capital requirements have been increased, driven by post GFC regulatory regimes (Basel III/IV). In addition, risk weightings for business lending have been increased. This is putting pressure on banks' ability to grow their balance sheets and fund credit growth
- *Tighter Lending Practices:* There is also diminishing bank demand for non-vanilla or bespoke financing due to a tightening of lending policies and risk frameworks as a result of the Bank Royal Commission
- *Growth in Private Equity:* Allocations to APAC private equity managers have increased significantly in recent years, underpinning M&A activity and increasing demand from sponsors for flexible financing solutions. TCP estimates that there is in excess of US\$75bn of committed private equity capital in the region.

## 4.2 Key Attractions of Private Credit to Investors

In TCP's view, private credit investments may be attractive to investors for the following reasons:

### Capital preservation

Private credit instruments typically benefit from strong creditor protections, including security over assets of the borrower, in contrast to typically unsecured bonds. Security provides a legal right of enforcement over any assets of the borrower should it be unable to meet its repayment obligations. Furthermore, private credit instruments typically benefit from stronger covenant regimes that provide certain rights and controls that enable lenders to better protect capital.

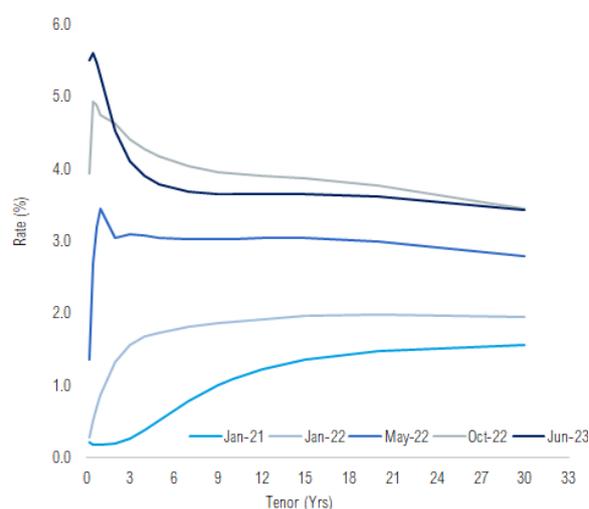
### Diversification benefits

Private credit investments typically feature proprietary origination and sourcing that provide access to a truly different set of cash flows with low correlation to other traditional fixed income asset classes which may provide diversification benefits for investors.

## Hedge against inflation / interest rates

Inflation remains a key concern for many investors and, as at the date of this Memorandum, many of the major central banks have raised interest rates significantly in 2022 and have continued this trend into 2023 (the USD swap curve for example is set out as an illustration in Figure 4 below). The majority of private credit instruments pay a variable interest rate based on a margin over a base rate (such as BBSY). As a result, the interest payments on the investment will increase or decrease as underlying market interest rates change, providing a natural hedge against inflation and / or rising rates, while benefitting from a sustained high interest rate environment.

Figure 4 Interest rates have increased<sup>7</sup>



### Yield enhancement

Private credit instruments are often bilaterally arranged and typically are not traded. Accordingly, they often attract an illiquidity premium to traditional fixed income products.

### Opportunity to take advantage of widening funding gap

Increasing capital requirements and tighter regulations imposed on banks has led to more stringent lending standards and reduced bank risk appetite.

Private credit providers, with their relatively lower regulated frameworks and flexibility, are well placed to fill the widening funding gap driven by demand from borrowers desiring more flexible financing structures.

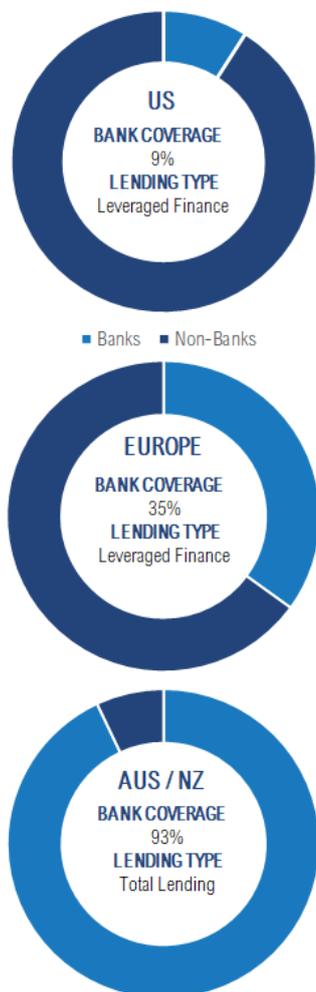
<sup>7</sup> Source: Bloomberg

### 4.3 Early Mover Advantage

TCP believes that it has an early mover advantage in the Asia-Pacific, including Australia and New Zealand, allowing TCP to capture value from the growing supply-demand imbalance for credit and establish a market-leading position.

In TCP's view, similar market forces were felt in the US and Europe in the aftermath of the GFC resulting in banks giving up significant market share to non-traditional funding providers. As Figure 5 shows, the opportunity for non-bank lenders in Australia (and New Zealand) to grow market share is significant:

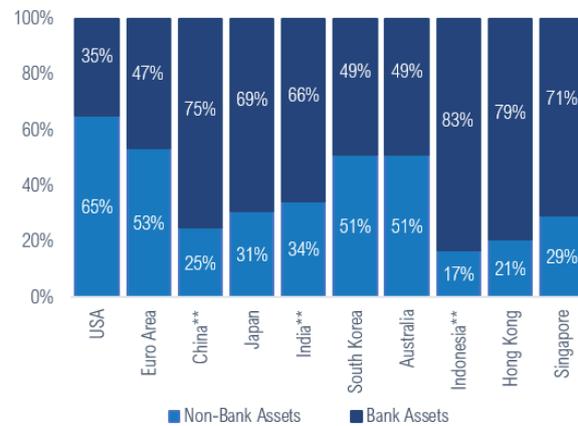
Figure 5 Penetration of Non-Bank Funding Providers<sup>8</sup>



More broadly, the Asia-Pacific private credit markets are less developed than those in the US and Europe.

Figure 6 below shows the relative size of bank and non-bank sectors (as measured by assets) in the US, Europe and select economies across APAC.

Figure 6 Comparative Credit Markets - Bank vs. Non-Bank Assets<sup>9</sup>



\*\*Emerging market economy

Banks' dominance in APAC creates an opportunity for disruption. This is particularly the case in Australia and New Zealand, where the majority (75%+) of corporate lending is provided by the 'Big 4' domestic banks. This concentration of exposure has not only created reliance issues for borrowers, but it has also heightened risks for these lenders. We consider that funds such as the Fund accordingly have an important role to play in spreading and managing risk, while at the same time providing borrowers with better access to capital.

The APAC middle-market (small and mid-sized corporates) lending space has been particularly hard hit by its over-reliance on the bank market. Banks have generally turned focus away from this middle-market as they look to optimise use of scarce regulatory capital and extract efficiencies, pivoting towards larger relationships.

<sup>8</sup> Source: US Chart: S&P LCD Leveraged Lending Review Q4-17; Europe Chart: S&P Capital IQ Leveraged Commentary and Data (LCD), March 31 2018, Australia Chart: Reserve Bank of Australia, Financial Stability Review, April 2019

<sup>9</sup> Source: US Chart: Financial Stability Board Global Shadow Banking Monitoring Report

The resulting funding gap is estimated to be US\$4.1 trillion (2019) as shown in Figure 7 below.

Figure 7 Asia Pacific funding gap<sup>10</sup>



The previous chart illustrates TCP's view that, although the APAC private credit markets are nascent in their development, they will almost certainly follow the growth path experienced in the US and Europe given strong demand for credit that is not being met adequately via traditional funding channels. This has created an excellent early mover advantage for TCP whereby it has established itself as one of the key private credit platforms in the region. TCP's objective is to use this primacy to build out a strong deal pipeline and construct a high-quality portfolio of credit investments for Fund II, as it achieved in Fund I.

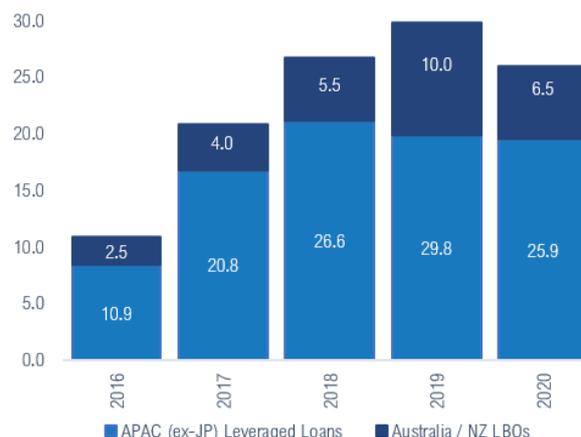
#### 4.4 An Attractive Market

TCP provides investors access to a full suite of Asia-Pacific private credit opportunities, with exposure to the leveraged loan markets (an asset class which has historically been dominated by banks) in Australia and New Zealand, as well as opportunistic financings across the Asia-Pacific region with the potential to deliver superior risk-adjusted returns.

Figure 8 shows that leveraged loan volumes across APAC (ex-Japan) totalled US\$10.9 billion in 2016 and reached US\$25.9 billion by 2020. In Australia / New Zealand, syndicated leveraged loan volumes supporting leveraged buy-outs ("LBOs") grew from approximately US\$2.5 billion in 2016 to US\$6.5 billion for 2020.

The addressable market is effectively split between large, broadly syndicated loans (primarily TLB and Unitranche), and smaller bilateral financings. The latter tend to be self-originated by the manager and typically have tighter structures and wider pricing given the reduced level of competition in this segment.

Figure 8 APAC Sponsor Backed Leveraged Loan Volumes (US\$bn)<sup>11</sup>



*\*2019-20 YoY decline due to the impact of COVID-19 on deal volumes over Jul-Oct-20. This trend reversed in Nov-Dec-20 when 44% of ANZ 2020 LBO deal volume funded.*

From a global perspective, syndicated transaction volumes slowed over 2022 against a backdrop of the lingering effects of COVID-19, interest rate increases and high inflation with US loan volumes for the first nine months of 2022 being down approximately 24% versus the 2021 corresponding period. Volumes in the APAC region however, remained resilient despite the global headwinds with APAC (ex-Japan) syndicated lending volumes for the first nine months of 2022 being broadly stable versus the prior corresponding period<sup>12</sup>.

<sup>10</sup> Source: Asia Development Bank, Bank for International Settlements

<sup>11</sup> Source: Debtwire Par

<sup>12</sup> Source: Refinitiv

TCP believes the Asia-Pacific leveraged loan market compares favourably to the US market. In general, Asia-Pacific loans offer shorter tenor, higher returns and typically tighter covenant and investor protection features than their US equivalents.

TCP's strategy focuses on senior secured loans, complemented by select junior debt and mezzanine transactions. Transactions in the senior secured leveraged finance market are typically characterised by margins of 4–7% over base rates, strong lender protections, including maintenance financial covenants, and a first ranking security position, providing a high degree of capital protection. Whilst junior/mezzanine financing opportunities may present greater transaction complexity and potentially lower structural protection than senior secured loans, these deals typically deliver margins of 7–10% over base rates, providing attractive risk-adjusted returns.

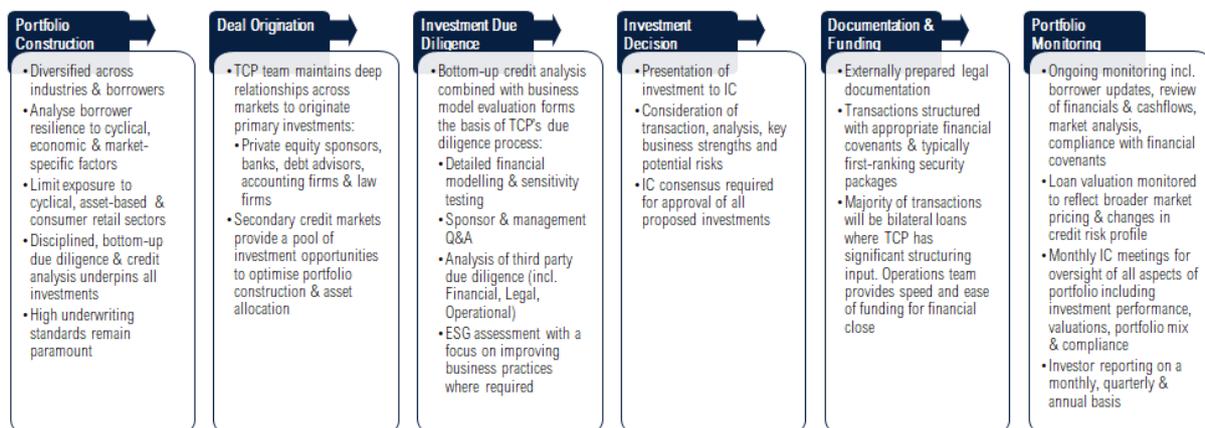
Loan portfolios also deliver a reliable stream of interest payments, typically paid quarterly. In addition, their preferred ranking in the capital structure results in lower risk of capital loss than equity products. This makes them an increasingly sought-after component of a balanced investment portfolio. TCP's principals have managed loan portfolios through previous credit cycles and understand how to structure and price investments to protect capital and ensure an attractive return profile for the level of risk being taken. As the private debt market expands, it will be important for managers to be able to connect with companies seeking a new source of funding. TCP has deep relationships with sponsors, advisors, banks, funds and corporates across the region, and enjoys the added benefit of teams on the ground in its key markets. TCP is well positioned to take advantage of the attractive market dynamic in the Asia-Pacific loan markets and construct a high quality portfolio of corporate loan exposures delivering attractive risk-adjusted returns.

### 5.1 Investment Process

As a pure credit investor, TCP does not face the same relationship or ancillary business pressures to participate in transactions, unlike many banks in the market. TCP's investment policies and processes are set to ensure the primary investment objective of the Fund, being capital preservation, is met while attracting above benchmark returns. TCP considers that this will be achieved by maintaining rigorous bottom-up analysis on each credit to guide investment decisions, providing a framework for on-going monitoring of existing investments and guiding the overall portfolio mix.

TCP's investment process and portfolio allocation strategy targets a broad allocation to diversified industry exposures and avoids single customer concentrations. Not more than 15% of total capital commitments may be invested in any single investment (across all tranches) however, this is the maximum limit and typically single borrower concentrations are expected to be significantly lower. The Fund does not invest in distressed companies.

TCP's investment process is summarised below:



#### Portfolio Construction

The TCP team has a long and successful track record of originating and structuring through numerous credit cycles across a broad range of industries.

TCP's credit analysis seeks to determine the underlying borrower's resilience to cyclical, economic and market-specific factors based on qualitative and quantitative assessments, and rigorous scenario testing. Disciplined, bottom-up due diligence and credit analysis underpins all investments with a consistent focus on capital preservation.

The TCP team ensures that transactions are structured with appropriate financial covenants (for example, the majority of Fund I investments had maintenance covenants) and typically first-ranking security packages, all designed to protect lender principal.

In TCP's view, TCP's Fund I portfolio has benefited from the TCP team's portfolio management approach since inception (including through the COVID-19 pandemic) due to:

- Careful diversification across industries and avoidance of cyclical and consumer discretionary sectors (subject to exogenous shocks); and
- Relatively modest leverage levels across the portfolio.

The Fund portfolio will be largely comprised of Australasian senior secured loans and be complemented by opportunistic investments in higher return opportunities:

- High underwriting standards remain paramount; and
- Disciplined, bottom up credit process fundamental for all investments.

The Investment Committee meets monthly, at a minimum, to discuss all aspects of portfolio, including investment performance, valuations, portfolio mix, and compliance.

*See section 9, TCP Performance Track Record for more details about TCP's experience in portfolio construction.*

### Deal Origination

TCP's strategy is underpinned by the team's ability to self-originate, structure and execute bi-lateral investments which are not accessible through other funds.

The TCP leadership team holds 90+ years of combined personal and professional relationships in regional credit markets which has created a best in market deal sourcing platform.

The TCP team maintains deep relationships across markets to originate primary investments including private equity sponsors, banks, debt advisors, accounting firms, and law firms across the corporate and specialty fund space which will also generate repeat business and reverse enquiries. By directly sourcing transactions, the TCP team provides structuring input, has the ability to secure larger investment sizes (where appropriate), and negotiates more attractive economics, which may be of benefit to the Fund. With direct access to a wide range of market opportunities, the Fund will have a large pool from which to select its preferred investments.

With its focus on self-originated bilateral deals, TCP is not simply a price-taker of large broadly syndicated deals which have been originated and structured by investment banks, like some of TCP's peer funds in the market. TCP's direct origination experience enables it to control its own outcomes in terms of structuring of terms and conditions and to maximise returns for investors.

Syndicated credit markets also continue to provide a pool of investment opportunities. The TCP team has relationships with all the major market participants, in particular the loan syndication and credit trading desks of domestic and international banks. This assists TCP in optimising portfolio construction and asset allocation within the Fund, to maintain market visibility and enhance information flows.

### Investment Due Diligence

The TCP due diligence process is consistent with the TCP team's broad transactional experience and credit training. Bottom up credit analysis combined with a detailed evaluation of the prospective borrower's business model is essential. Diligence includes analysis of management capabilities, market positioning and competition, cost structure, historical and projected earnings, cash flows, sensitivity analysis, comparative advantages, risks and mitigants, valuation including capital structure and asset security analysis.

Diligence involves analysis of management and sponsor materials typically provided, including financial models, cashflow breakdowns, business plans, etc., as well as management interviews and on-site visits. Third party due diligence reports that are commissioned for the transaction (including financial/tax, market and legal reports) are scrutinised during the diligence process. Top tier law firms are engaged to advise on legal and structuring matters, as well as any requisite legal and regulatory due diligence.

ESG analysis forms an important component of each diligence process. The IC approval process includes a review of any ESG issues (including Modern Slavery), and where there are specific concerns, the Risk, Audit and Compliance Committee is required to sign off.

## Investment Decision

The TCP team follows the TCP investment process for every deal which includes two key approval stages. Phase I covers understanding the transaction, parties, general economics and fit with strategy. Before continuing the process, the Investment Committee provides an initial view as to whether the investment fits with target criteria. Phase II is designed to test the initial assumptions, complete due diligence and documentation before a return to the Investment Committee.

### Phase I: Early Stage Approval

- Summary of the investment presented by the deal team;
- Consideration on whether the investment meets the eligibility criteria parameters and Fund strategy, or if there is a reason to support a credit decision outside one or more eligibility criteria parameters;
- Review and approve due diligence plan, proposed advisers and next stage due diligence budget (if required); and
- Vote by Investment Committee to proceed to Phase II.

### Phase II: Final Approval

- Summary by Deal Team of final credit paper including any additional information received or new developments since Phase I;
- Confirmation by Legal & Compliance team of “no issues”;
- Agree key deal terms and negotiation parameters with the team to seek follow-on approval for any subsequent variation; and
- Vote by Investment Committee for Final Credit Approval.

## Portfolio Management

### Monitoring

The IC is responsible for the provision of all approvals for any proposed investments and continues to hold responsibility for the monitoring of asset quality through the investment life. The IC meets monthly for credit, valuation and compliance reviews and more in-depth quarterly updates.

TCP utilises several tools for portfolio management. Most importantly, ongoing diligence including borrower updates, review of financials and cashflows, and market analysis are undertaken. Typical loan documentation contains on-going reporting obligations by the borrower (typically monthly) to provide financials, budgets, as well

as financial covenant compliance schedules. Our loan booking system, Solvas, includes portfolio analysis reporting and individual investment covenant tracking which enables TCP to identify breaches promptly.

The IC also reviews market risks, portfolio mix, and divestment opportunities and timing. Additionally, the IC is responsible for ensuring that any foreign currency exposure is appropriately hedged.

### Valuation

The majority of the Fund's investments will not be rated by third party ratings agencies, such as S&P, Moody's or Fitch, but will be rated internally. As part of TCP's IC and portfolio management process each credit is assigned a risk rating from 1 to 10 (which aligns with S&P/Moody's equivalent ratings scale) in line with market practice in major banks. Each rating is reviewed on a monthly basis, or more often in the case where a credit event has occurred.

TCP has adopted an approach that, in TCP's view, reflects fair value accounting policies this is to discount loans to acknowledge movements in broader market pricing and (where appropriate) to reflect re-ratings due to increased credit risk. The importance of valuations has become more apparent as funds have recently managed COVID-related impacts. Our approach aims to provide a holistic and realistic point-in-time valuation of the portfolio.

Secondary loan market pricing and dialogue with other market participants assists with market asset views, judging liquidity and identifying exit opportunities.

### Reporting

Investor reporting is made on a monthly, quarterly and annual basis, including:

- annual audited financial accounts for the Fund;
- unaudited quarterly accounts on the net asset value of the Fund and a narrative statement about the general performance of the Fund, status of each investment and any investments bought, sold or repaid during the previous quarter; or
- unaudited monthly statement on the net asset value of the Fund and a narrative statement about the general performance of the Fund, status of each investment and any investments bought, sold or repaid during the previous month.

## 5.2 Investment Committee

As outlined in section 2, the Board of Directors of TCP has established the IC. IC meetings are held on a monthly basis and on an ad hoc basis as necessary. The purpose of these meetings is to review each investment opportunity, both for initial “Heads Up” and final approvals. Additionally, the Investment Committee will on a monthly basis review the existing portfolio and its performance in aggregate, and each investment’s performance. The Investment Committee will also monitor any loans in default and where necessary approve strategies to maximize recovery.

The Investment Committee’s responsibilities also include monitoring compliance with the Credit Policies and Procedures Manual (the Credit Manual) and providing the Board with recommendations covering proposed changes to investment strategies, asset allocation and risk weighting based on current and prospective market conditions to fulfil the following activities:

- Oversight of the management of the Fund, including, but not limited to, monitoring:
  - Compliance with the Credit Manual and eligibility criteria as contained in the investment guidelines of the Fund, including Fund strategy and management of any concentration limits;
  - The appropriateness of the TCP team’s resources to fulfil their respective duties
  - Maintenance of appropriate legal and compliance standards; and
  - General performance of the Fund.
- To act as the sole investment approval authority including assessment and approval/rejection of credit papers submitted for consideration, and including:
  - Provision of early stage approval to the deal team to move forward on execution of investments (“Heads Up” stage), including any potential diligence costs, subject to final approval by the IC;
  - Final approval for each investment, including confirmation of compliance with all Fund investment guidelines, concentration limits pro rata for the new investment, the Allocation Policy and all required legal, compliance and business requirements; and
  - Confirmation that the appropriate level of due diligence is completed for each potential and completed investment.
- Ensure appropriate consideration of ESG issues is included in the Fund’s investment decision making process in accordance with TCP’s ESG policy including key focus areas such as labour rights and modern slavery, environmental management, bribery and corruption;
- Evaluating performance of the Fund against stated objectives and benchmarks, including approval of monthly performance updates of the investment portfolio and respective ratings and valuations;
- To oversee and approve any restructuring strategies, including the implementation and resolution, including any write-downs.
- To review and recommend changes to the Credit Manual to the Board;
- The appointment of panel solicitors, management and financial diligence providers, valuers, quantity surveyors and other third-party professionals, as required; and
- Consider overall investment strategy of the Fund in light of changes in the local, national, and international credit markets and the economy generally.

## Meetings

Monthly at a minimum and on an ad hoc basis as required. Ad hoc meetings convened on three days' notice to the IC or such shorter time as the members agree.

<b>Quorum</b>	The quorum for a meeting of the IC is three voting members.
<b>Method of Meetings</b>	Meetings may be held using technology agreed to by all members.
<b>Voting</b>	Voting at an IC meeting is by unanimous members present and voting. Objections to any vote cast may only be made at the meeting.
<b>Minutes, Reports, Recommendations &amp; Reporting</b>	Minutes of the IC meetings, and records of any reports or recommendations are to be prepared and approved. A copy of any signed IC minutes is a true record unless the contrary is proved.

## Membership

<b>Voting</b>	Peter Szekely (Chair) Graham Lees Lindsay Maxsted David Birkbeck Michael Tierney (Alternate)
<b>Non-voting</b>	Gareth Bourne (Secretary) Tanarra Head of Compliance Respective deal team

## 5.3 Environment, Social and Corporate Governance (ESG)

TCP has an established ESG policy. We will look for sustainability and environmental stewardship policy in TCP's investee companies. TCP became a signatory to the United Nations-supported Principles of Responsible Investing (PRI) in 2021 and has integrated each of its six principles into TCP's investment process. The PRI aims to ensure that ESG factors are considered during the investment process and in subsequent management of investments. TCP has committed to engage with portfolio companies and new investments to identify ESG risks, share best practice and improve ESG performance.

TCP aims to act responsibly and considers ESG factors at all stages of its investment cycle. Our ESG policy aligns with the PRI to ensure that ESG factors are monitored from early due diligence through to exit. The TCP investment team has an ongoing obligation to monitor ESG considerations throughout the life of an investment and the IC is required to consider ESG in each investment approval. Where there is any material ESG concern identified, it must be raised and addressed with the Risk, Audit and Compliance Committee.

## Fees and Other Costs

This section provides summary information about the main fees and costs that may be borne by the Fund. The fees and costs borne by the Fund will reduce the returns on your investment or from the Fund assets as a whole.

Tax information is set out in section 12 of this document.

### 6.1 Management Fees

The Manager offers two Classes in each Trust, each with a different management fee option.

The Manager is entitled to be paid a Management Fee as follows:

Trust	Class A	Class B
TCP APAC Fund II Trust	0.45% of the Net Trust Value per annum to be paid to the Manager plus the Transaction Benefits Split	0.75% of the Net Trust Value per annum to be paid to the Manager*

*\*Transaction Benefits referable to Class B units will be retained by the investors in that Class*

Management Fees are calculated daily and reflected in the Net Unit Value of units of that Class. Management Fees are exclusive of GST and are paid quarterly in arrears out of the assets of the relevant Trust. Management Fees borne by the TCP APAC Fund II Trust by virtue of its investment in the Strategy Trusts will be fully rebated by the Manager so that there is no duplication of fees.

### 6.2 Incentive Fees

The Investment Manager is entitled to an Incentive Fee (exclusive of GST), in respect of each unit, which is calculated and accrued monthly (each such period being a 'calculation period') and paid annually in arrears out of the assets of the relevant Trust, and at such other times as required in accordance with the Trust Deed.

The Incentive Fee is equal to 10.00% of the positive difference between the Unit Return and the Hurdle, in the relevant calculation period, calculated by subtracting the Hurdle from the Unit Return (see section 6.3 for further information on the Hurdle).

Where the accrued Incentive Fee as at the date on which the Incentive Fee is due to be paid is a negative amount, then no Incentive Fee will be paid and the negative accrual carries forward to the next calculation period.

Where a distribution of capital is made in respect of a unit, the Hurdle after that date will be calculated based on the reduced Net Unit Value immediately following that distribution of capital.

The Manager will waive or rebate any Incentive Fees in the Strategy Trusts borne by the TCP APAC Fund II Trust.

### 6.3 Hurdle

The Hurdle for the Trust is an amount equal to BBSY plus the below Hurdle per annum multiplied by the Issue Price of the unit:

Trust	Hurdle
TCP APAC Fund II Trust	6.00%

### 6.4 Waiver and acceptance of lower fees

The Manager may, in its absolute discretion, determine to defer, or waive or accept lower fees from time to time. A deferral of fees will not affect the Manager's right to such fees. The Manager may also, in its absolute discretion, offset or rebate all or part of any fees applicable to units for certain investors and/or pay all or part of such fees to third parties for services related to the placement of units.

Where the Manager or any of its affiliates hold Units in a Trust, then any fees referable to those Units will be rebated back to the relevant investor.

## 6.5 Other Costs and Relevant Amounts

The relevant Trustee and Manager will be indemnified out of the assets of a Trust for all expenses and other outgoings properly incurred related to their operation of the Trust, other than overhead costs or Trust establishment costs in excess of the Maximum Establishment Costs.

### Maximum Establishment Costs

The Maximum Establishment Costs are the one off costs associated with the establishment of a Trust that are recoverable from that Trust. The Maximum Establishment Costs will be limited to \$250,000 for the Fund as a whole, capped at \$150,000 for the TCP APAC Fund II Trust and \$100,000 for each Strategy Trust. The Manager will bear any establishment costs of a Trust in excess of the Maximum Establishment Costs.

### Expenses

Operating costs and transactional related expenses are borne by the Fund and where such costs are paid by the Manager or Trustee, such persons are entitled to be indemnified for those amounts out of the assets of a Trust. Expenses are incurred in operating and managing each Trust and are deducted from the assets of the Trusts as and when they are incurred. These expenses include, but are not limited to, service provider fees such as fees payable to a Trustee, tax adviser and other service providers and advisers, audit fees and legal fees. Such costs also include accounting, tax and compliance costs as well as those costs relating to investor reporting and communications (other than transaction costs as described below).

Under the Trust Deed, the Trustee may be indemnified out of the assets of a Trust for any liability or amount (other than overhead costs or Trust establishment costs in excess of the Maximum Establishment Costs) it incurs in properly performing its duties in relation to a Trust. The Management Agreement provides that the Trustee must indemnify the Manager out of the Trust assets for any liability or amount (other than overhead costs or Trust establishment costs in excess of the Maximum Establishment Costs) the Manager incurs, other than where such liability is caused by the Manager, or any of its officers', employees' or agents' misconduct.

### Transaction Costs

Transactional and operational costs (**Transaction Costs**) are the costs associated with the operation of the Fund. These costs are estimated by the Manager or the Trustee of the total amounts the relevant Trust would incur or bear if the assets of that Trust were required to be sold or acquired afresh. These costs include brokerage, settlement costs, clearing costs, stamp duty and other government taxes or charges and include the transaction costs incurred by the underlying assets of a Trust. Transaction Costs may be incurred directly by a Trust or, where applicable, indirectly at the level of an underlying asset.

The Trustee may, in accordance with the Trust Deed, determine the amount of transaction costs applying to applications or redemptions. The purpose of Transaction Costs is to seek to mitigate any potential or actual adverse impacts to investors due to the redemption or issue of units. The Trustee may apply Transaction Costs in order to procure the fair treatment of investors and may apply them to redemptions or applications in circumstances where assets do not in fact need to be acquired or disposed.

### Transaction Benefits

The Manager may receive, from time to time, Transaction Benefits in respect of a Trust's investments. Under each Trust's Trust Deed, the Trust does not have any right, title or interest in the Transaction Benefits. Rather, the Transaction Benefits are payable by the Trust to the Manager however, the Manager has determined to allocate, 50% of the Transaction Benefits it receives that are referable to the Class A units to investors in Class A units and to allocate any Transaction Benefits it receives that are referable to Class B units to investors in Class B units.

# About the Fund

## 7.1 Structure of the Fund

The Fund comprises:

- TCP Asia-Pacific Fund II (TCP APAC Fund II Trust); and

the following sub-trusts (each a Strategy Trust)

- TCP Senior Loan Levered Trust (TCP Levered Trust);
- TCP Credit Opportunities Fund (TCP Opportunities Trust),

(each a Trust and together, the Trusts).

Each of the Trusts is an Australian open-ended unregistered managed investment scheme and the Trusts are governed by the Governing Documents (as applicable).

Each of the Strategy Trusts are available for direct investment by investors (subject to a minimum, anchor-size commitment).

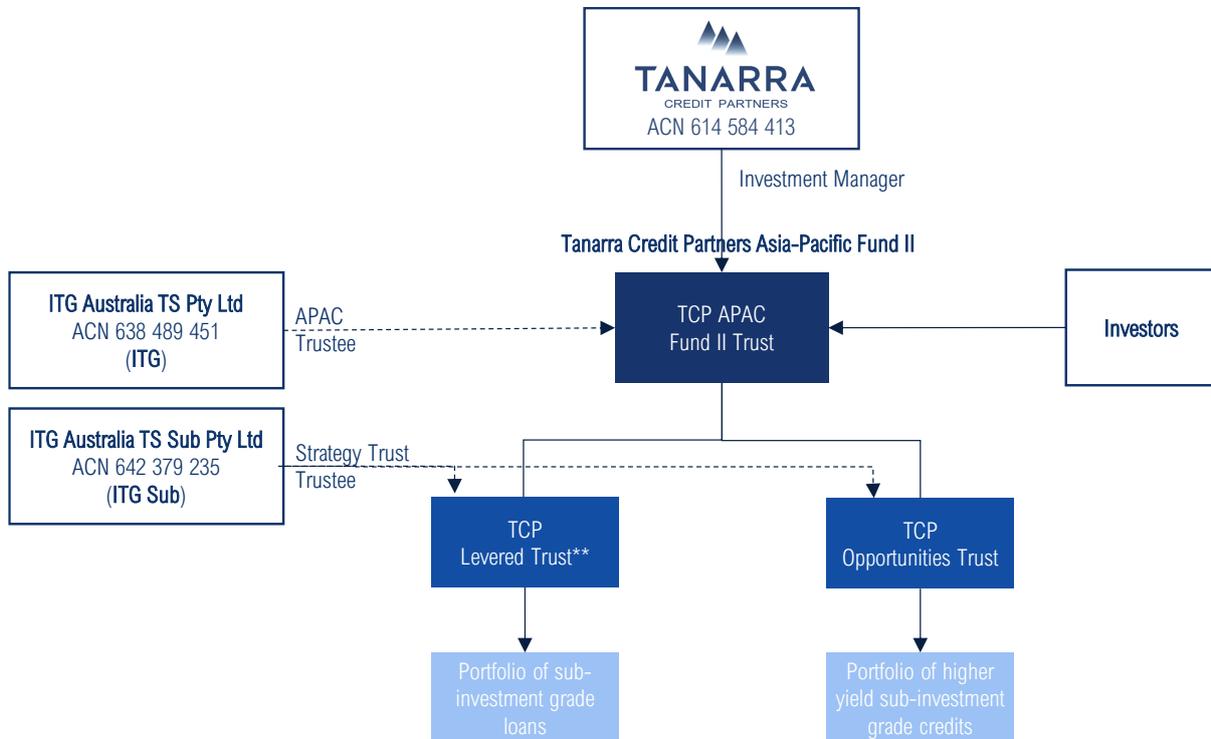
The TCP APAC Fund II Trust will invest in each of the Strategy Trusts which will hold the investments.

**A reference in this Memorandum to the Fund or Fund II means a reference to the TCP APAC Fund II Trust and each of the Strategy Trusts as a whole.**

The Manager may cause the establishment of additional vehicles to form part of the Fund from time to time.

There are two Classes of units available in each Trust for investors to subscribe. The only difference between the two Classes of units are the Management Fees. See section 6.1 for further details on the differences between the Management Fees. From time to time, the Trustee may establish Classes whose terms may differ from those contained in this Memorandum.

The group structure of the Fund can be illustrated as follows:



\* ITG Sub is a related body corporate of ITG

\*\* Fund-level leverage will form part of the TCP Levered Trust investment strategy in order to enhance investor returns. The TCP Unlevered Trust has also been established for investors who cannot invest in levered vehicles.

An investor in a Trust is allocated a number of units referable to their capital commitment to the Trust of the Class elected by the investor. Each unit represents a beneficial interest in the assets of the Trust. Accordingly, each unit has a dollar value which will vary as the Net Trust Value rises or falls.

Where a subscription is accepted by the Trustee, units will be allocated to the subscriber based on the Issue Price for the relevant day of issue (please refer to section 8.1 of this Memorandum for more information).

## 7.2 Documentation

The Fund is governed by the Governing Documents. Each investor will agree to be bound by the Governing Documents and enter into the Subscription Agreement. Applications may be refused by TCP in its absolute discretion.

Copies of the Governing Documents are available in the data room or by request from the Manager.

## 7.3 How to Invest

Applications in the TCP APAC Fund II Trust must be made by way of the Subscription Agreement made available by the Manager. In order to invest in the TCP APAC Fund II Trust, prospective investors must provide the Manager with a duly executed Subscription Agreement.

Applications in each Strategy Trust must be made by way of the Subscription Agreement made available by the Manager and ITG. In order to invest in a Strategy Trust, prospective investors must provide the Manager with a duly executed Subscription Agreement.

Each prospective investor must provide (with its duly executed Subscription Agreement) any associated documentation required by the Manager or the relevant Trustee (this may include proof of identification and relevant anti-money laundering documentation). The relevant Trustee or the Manager may refuse subscriptions in whole or in part in their absolute discretion. Executed Subscription Agreements are irrevocable except with the consent of the relevant Trustee and the Manager which they may withhold in their absolute discretion.

Units in a Strategy Trust will be issued by the Strategy Trust Trustee pursuant to an intermediary authorisation between the Strategy Trust Trustee and ITG whereby ITG makes offers to arrange for the issue of units in a Strategy Trust by the Strategy Trust Trustee and the Strategy Trust Trustee is to issue such units in a Strategy Trust in accordance with such offers if they are accepted. Applications may be rejected without any reasons being provided.

## Capital Commitment

The total amount an investor agrees to invest under the Subscription Agreement becomes their Capital Commitment.

The Trustee may from time to time, by giving notice in writing no later than 10 Business Days before a call (**Call Notice**) and using the details provided in an investor's Subscription Agreement, call on an investor to contribute part or all of its unpaid Capital Commitment (**Capital Call**). The Call Notice will specify the amount of the call, the purpose of the call and the date of payment of the call amount.

Capital Calls will be made in order of subscription and may be called pro rata across investors that have subscribed in the same month. There is no minimum call amount, however, the total amount of capital that in aggregate will be called from an investor for a Trust will not, subject to law, exceed the investors Capital Commitment.

The Trustee will issue fully paid ordinary units, after it has received the amount of a Capital Call, at the Net Unit Value as at the time the units are issued. The Trustee may cancel, postpone or amend any Capital Call upon written notice to investors.

The Trustee will call upon all of an investor's Capital Commitment within 24 months of acceptance of the Subscription Agreement (**Second Anniversary**). Where a Trustee has not called upon all of an investor's Capital Commitment by the Second Anniversary, an investor may request to revoke part or all of its unpaid Capital Commitment by providing the Trustee with 90 days' notice of the revocation.

In the event an investor fails to comply with a Capital Call:

- the Trustee may give the investor a notice requiring them to pay the unpaid Capital Commitment together with any interest which may have accrued (**Default Notice**); and
- if the investor does not comply with the Default Notice within the time set out in the Default Notice:
  - the Trustee may forfeit, redeem and/or sell the investor's units in a Trust in accordance with the Trust Deed; and
  - apply net proceeds of any sale of forfeited units to pay for a Capital Call or other amounts that were payable in respect of the forfeited units or the respective investor.

Whilst an investor is a defaulting investor (for example, has failed to comply with a Capital Call), the interests of the investor will be suspended whilst it continues to be a defaulting investor.

#### 7.4 How to Redeem

Private credit investments are illiquid. Unless otherwise approved by the relevant Trustee and the Manager, investors will not be able to redeem their units in a Trust until after 31 December 2023 (**Lock Up Date**).

Following the Lock Up Date, investors may issue a Redemption Request by giving no less than 60 days written notice (**Redemption Notice Period**) to the Trustee. Where Redemption Requests are accepted, redemptions will be processed at the next Redemption Date following the expiry of the Redemption Notice Period. The Trustee may, in its absolute discretion accept or reject a Redemption Request in whole or in part. Where a Redemption Request has been accepted by the Trustee, redemption proceeds must be paid to the relevant investor within 60 days after the Redemption Date. Units will be redeemed at the relevant Redemption Price for that Class (please refer to section 8.2 of this Memorandum for more information).

In addition, following the Lock Up Date, investors may request the Trustee for their units in a Class to be put into 'run-off' (**Run-Off Request**). In these circumstances, a proportion of the Trust's assets will be attributed to the relevant investor and liquidation proceeds in respect of those investments will be paid to the investor at such time as those assets are realised, repaid or otherwise disposed of. The proceeds payable to the relevant investor will be based on the amounts received by the Trust for those assets, less actual or reasonably estimated expenses or fees in connection with the run-off assets, or such amounts otherwise payable to the Manager or the Trustee, including any share of Management Fees or Incentive Fees payable to the Manager in respect of the relevant units.

#### Suspension

A Trustee may at any time suspend the issue or redemption of units in a Trust or the payment of redemption proceeds in a Trust for up to 180 days at a time pursuant to the Governing Documents. The circumstances in which this may apply include:

- it is impracticable for the Trustee to calculate the Net Trust Value, for example because of:
  - an inability to value the Trust property; or
  - an emergency or other state of affairs or a declaration of a moratorium in a country where the Trust invests (or the Trust has exposure to through any derivative in which the Trust invests);
- there have been, or the Trustee anticipates there will be, Redemption Requests that involve realising a significant amount of Trust property and the Trustee considers that if those Redemption Requests are all met immediately, investors who continue to hold units may bear a disproportionate burden of capital gains tax or other expenses, or the meeting of those Redemption Requests would otherwise be to the existing investors' disadvantage including a material diminution in the value of Fund property;
- the Trustee is unable to realise Trust property to satisfy Redemption Requests;
- the Trustee reasonably considers it is in the interests of investors; or
- it is otherwise legally permitted.

## Forfeitures and compulsory redemption

In certain circumstances an investor's units in a Trust may be forfeited in accordance with the Trust Deed including, but not limited to, where:

- an investor is prohibited by an applicable law from holding units;
- an insolvency event occurs in relation to the Investor;
- an investor has failed to comply with a Capital Call within 10 Business Days of receiving a Call Notice or a Default Notice;
- units are held in breach of a Governing Document which has a materially adverse effect on the Trustee, the Manager, the Trust or any investor;
- units are held in circumstances which might result in a violation of an applicable law (including by the Trust, Trustee, Manager or an investor), or subject the Trust to taxation or otherwise adversely affect the Trustee, Trust, Manager or investors in any material respect; or
- the investor made a material misrepresentation in the Subscription Agreement when acquiring its units.

A Trust may charge an investor any legal, accounting, administrative or other amounts associated with such forfeiture. In the event of a forfeiture, under each Trust Deed, there are instances where, if the Trustee is unable to sell forfeited units to another person within a reasonable period of time, such units may be cancelled and the relevant investor will not be entitled to any consideration in respect of those units.

In addition, the Trustee may elect, on a minimum of 3 Business Days' notice to an investor, to compulsorily redeem all or a portion of the units held by that investor. In these circumstances, units will be redeemed at the Redemption Price.

## 7.5 Transfers

Units in a Trust may only be transferred in accordance with the Trust Deed and the relevant Trustee's and Manager's consent. A transfer of units is of no effect until it has been entered into the unit register maintained by or on behalf of the Trustee.

## 7.6 Trust Deed

The Trust Deed of each Trust sets out the rights and responsibilities of the Trustee, governs the Trust and sets out terms in respect of, among other things, distributions, applications, redemptions, valuations and fees. The Trust will terminate 80 years after its formation, or earlier in circumstances including:

- by a Special Resolution; or
- as determined by the Trustee by written notice to investors.

Each Trust Deed provides that the Trustee and the Manager may retire from their respective roles on 90 days' written notice to investors (in the case of the Manager) or, in the case of the Trustee, 90 days' notice to the Manager who will provide no less than 10 Business Days' notice to investors.

A Trustee or the Manager must retire in certain instances, including if so directed by Ordinary Resolution of investors where:

- an insolvency event occurs in respect of the Manager or the Trustee;
- where the Trustee or the Manager has acted with negligence, fraud, dishonesty or wilful misconduct in its capacity as Trustee or Manager (as applicable); or
- where the Trustee or the Manager is in breach of a material obligation under a Governing Document which has had a materially adverse effect on the Trust or its members and is not remedied within 20 Business Days by the Trustee or the Manager (as applicable) after the later of the date of that Ordinary Resolution or the date specified therein.

In addition, the Trustee must retire if required by the Manager with 20 Business Days' notice to investors, effective on appointment of the Manager or its nominee as trustee of the Trust. Where the Trustee retires on the direction of the Manager, the Manager may appoint a replacement trustee on 10 Business Days' notice to investors. In those circumstances any replacement trustee must be independent of the Manager.

## 7.7 Management Agreement

Each Trustee and the Manager will enter into the Management Agreement in respect of a Trust under which the Manager agrees to provide certain investment management services to the Trust which the Trustee has been given under the Trust Deed.

Under the Management Agreement, the Trustee in its capacity as trustee of the Trust must indemnify the Manager out of the Trust assets for any liability the Manager incurs, other than where such liability is caused by the Manager, or any of its officers', employees' or agents' fraud, dishonesty, negligence, wilful misconduct or material unremedied breach of the Manager's obligations under a Governing Document by the Manager or any of its officers, employees' or agents to whom it has delegated any of the investment management services.

## 7.8 Trustees

ITG Australia TS Pty Ltd (**ITG**) is a wholly owned subsidiary of Corporation Service Company (CSC), a Delaware incorporated company #0101330 which was founded on 1 January 1899 and is a worldwide leader in business, legal and financial services.

CSC has over 120 years of experience in providing expert, high-quality, tailored corporate, fund, capital market and private wealth services to its global clients in more than 30 international markets. CSC employs over 7,500 specialists globally across 50 offices, including in its office in Sydney, Australia. For more information on CSC, please visit its website at [www.cscglobal.com](http://www.cscglobal.com).

ITG holds an AFSL issued by ASIC, which authorises it to act as the trustee of the TCP APAC Fund II Trust (the **APAC Trustee**). The APAC Trustee is bound by the Trust Deed for the TCP APAC Fund II Trust and relevant law (which includes the Corporations Act). Under TCP APAC Fund II Trust's Trust Deed, the APAC Trustee has the power to delegate certain aspects of its duties. As the trustee of the TCP APAC Fund II Trust, the APAC Trustee has duties imposed on it by relevant law. These duties require the APAC Trustee to act in the best interest of the members of the TCP APAC Fund II Trust, and where there is conflict between the members' interests and its own, to give priority to the members.

The APAC Trustee must follow these duties when making decisions about, and managing any potential conflicts of, the TCP APAC Fund II Trust.

ITG Australia TS Sub Pty Ltd ACN 642 379 235 Authorised Representative No 001288246 (**ITG Sub**) is the trustee of the Strategy Trusts (the **Strategy Trust Trustee**). ITG Sub is a related body corporate of ITG and, in addition, ITG Sub is a corporate authorised representative of ITG.

The Strategy Trust Trustee is bound by the Trust Deed of each of the Strategy Trusts and relevant law (which includes the Corporations Act). Under each Strategy Trust's Trust Deed, the Strategy Trust Trustee has the power to delegate certain aspects of its duties.

As the trustee of a Strategy Trust, the Strategy Trust Trustee has duties imposed on it by relevant law. These duties require the Strategy Trust Trustee to act in the best interest of the members of the Strategy Trust, and where there is conflict between the members' interests and its own, to give priority to the members. The Strategy Trust Trustee must follow these duties when making decisions about, and managing any potential conflicts of, the Strategy Trust.

## 7.9 Custodian

As at the date of this Memorandum, the APAC Trustee will hold the assets of the TCP APAC Fund II Trust on custody and the Strategy Trust Trustee will hold the assets of the Strategy Trusts on custody.

## 7.10 Administrator

As at the date of this Memorandum, Apex Fund Services Pty Ltd (**Apex**) will provide the administration services to the Trust in accordance with a fund administration agreement. Apex will be remunerated out of the assets of the Trust for its services.

## Valuations, Pricing and Distributions

### 8.1 Issue Price

The Issue Price of each Initial Unit in a Class is \$1.00 per unit. Units will be fully paid.

Other than Initial Units, the Issue Price will be, in respect of each Class:

$$\frac{\text{Net Trust Value} + \text{Transaction Costs}}{\text{Number of units on issue}}$$

In respect of any distribution reinvestment, the Issue Price of units issued will be calculated following any income distribution. Where new units are issued, the Issue Price will reflect any accrued income distributions.

### 8.2 Redemption Price

In respect of each Class, the Redemption Price will be:

$$\frac{\text{Net Trust Value} - \text{Transaction Costs}}{\text{Number of units on issue}}$$

### 8.3 Distributions from the Fund

Distributions will be calculated on a pro rata basis, by reference to the number of units held by an investor. The distribution policy of each Trust is to distribute (where available) as soon as practicable after each yearly period ending 30 June (or otherwise as determined by the Trustee) the income of the Fund less expenses. In practice, the Trustee of a Trust intends, where possible and subject to receiving income from the Trust's investments, to make quarterly distributions of income, however the Trustee may in its absolute discretion determine to make income distributions at other periods. Distributions from a Trust may comprise income and/or capital as determined by the Trustee under the Trust Deed. Typically, it is expected that distribution proceeds will be paid to investors within 30 days of the relevant distribution period.

Investors may elect to reinvest distributions from a Trust (refer to the Subscription Agreement). Where no choice is indicated on the Subscription Agreement, distributions will be paid to an investor's nominated bank account. The amount of distributions will vary from period to period and there may be periods in which no distribution is made.

An investor's income in respect of a distribution period is generally calculated as follows:

$$\frac{\text{Distribution Units} \times \text{Income}}{\text{Total Units}}$$

**Distribution Units** means the total units held by an investor as at the end of relevant distribution period.

**Income** means the distributable income of that Class in respect of the distribution period.

**Total Units** means the total number of units on issue in the relevant Class as at the end of the relevant distribution period.

## 8.4 Valuations

### Valuation Policy Generally

The primary investments of the Fund will be private loans. To derive a valuation the investment team will analyse the most recent available performance data to determine a credit rating. Based on the credit rating, the team reviews recent comparable transactions in the market to determine the appropriate pricing. Where there is a pricing deficit, the deficit will be present valued to calculate the appropriate discount from par. Typically, the team will not price investments above par. In limited cases the credits are quoted by brokers in the secondary markets and these prices will be considered in the final proposed valuation. All valuation are approved by the IC on a monthly basis, or more often if a credit or market event occurs.

The Trustee or Manager is required to cause the Trust or its property to be valued or revalued when:

- required under the Accounting Standards or Valuation Guidelines;
- the Trustee or Manager is removed or retires;
- the Trust is wound up; or
- the Trustee or Manager otherwise sees fit.

Deloitte will review the valuations quarterly to provide third party, independent verification. Our auditors will separately review these valuations on an annual basis as part of audited account preparation.

All valuations of Fund investments will be in accordance with Australian Accounting Standards as determined by the Manager and the auditor of the Fund.

The Trustee may at any time and from time to time, after consultation with the Manager, suspend the determination of the Net Trust Value or Net Unit Value for the whole or any part of a period in circumstances including where the Trust's assets cannot be valued or the Trustee otherwise believes it is in the interests of investors to do so.

### Net Trust Value

The Net Trust Value of a Trust is equal to the value of its total assets less its total liabilities (other than liabilities representing rights attaching to units). A separate account will be established in the books for a Trust for each Class to which amounts which are referable to that Class will be allocated.

The Manager may use its discretion to determine the most appropriate method of valuing the assets of a Trust. The Manager may also rely upon the value determined by an independent valuer or the valuations supplied by third parties, the accuracy of which may not verifiable. There is no assurance that the calculation of the Net Trust Value described will reflect the actual realised value of assets of the Trust.

The Manager may make such modifications to the means of calculating the Net Trust Value as it may from time to time consider reasonable to ensure that such changes accord with good accounting practice.

### Net Unit Value

The Net Unit Value is the Net Trust Value in respect of that Class divided by the total number of Units in that Class as at the relevant date of valuation.

## TCP Performance Track Record

This section provides information about the experience and track record of TCP in respect of its management of the TCP Asia-Pacific Fund I (Fund I) and Fund II, including details about each Fund's performance. There are a number of key differences between Fund I and Fund II (as discussed in section 9.6 below) and the performance and returns generated by Fund I are not intended to be indicative of the returns and performance of Fund II. Past performance is not a reliable indicator of performance and will be product and circumstance dependent.

The TCP team has a long and experienced track record of originating and structuring private credit transactions, through numerous credit cycles. The team has deal experience across a broad range of industries and is disciplined in conducting bottom-up due diligence and credit analysis. In the Manager's view, this enables the Fund to be in the best possible position to make its investment decisions, with a consistent focus on capital preservation.

### 9.1 TCP Asia-Pacific Fund II Performance

Since deployment began in February 2022, the Fund (Class B) has achieved net returns of BBSY + 1.90% (or, 3.90% on an all-in yield basis<sup>13</sup>) since inception (as at end May 2023) as set out below:

	1 Month	3 Months	6 Months	1 Year	2 Years*	Inception*
Portfolio Return <sup>#</sup>	0.597%	1.513%	3.287%	4.779%	NA	3.898%
Benchmark Return	0.295%	0.886%	1.650%	2.635%	NA	1.997%
Value Add over Benchmark	0.302%	0.627%	1.637%	2.144%	NA	1.901%

<sup>#</sup> Portfolio Return includes any distributions paid during the period

\* Annualised % returns

Given the relatively short period since the Fund commenced investing, these returns are impacted by the J-curve effect. We anticipate this impact to be reduced as the Fund scales and capital continues to be called down.

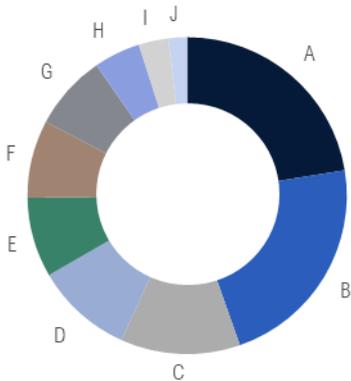
The above table is given for the purposes of providing investors with the Fund's historical performance since inception. The Fund's underlying investments are debt instruments which typically bear interest at floating rates, therefore, in order for investors to consider the Fund's performance in light of its investment mandate and its underlying holdings, information is presented with reference to BBSY (being the base rate for the Fund's underlying loans) as is customary for the private credit asset class. An investment in the Fund should not be compared to holding cash and carries different risks that are not applicable to a holding in cash.

<sup>13</sup> Includes the relevant benchmark rate (BBSY) and upfront fees.

### 9.2 TCP Asia-Pacific Fund II Industry and Credit Rating Profile

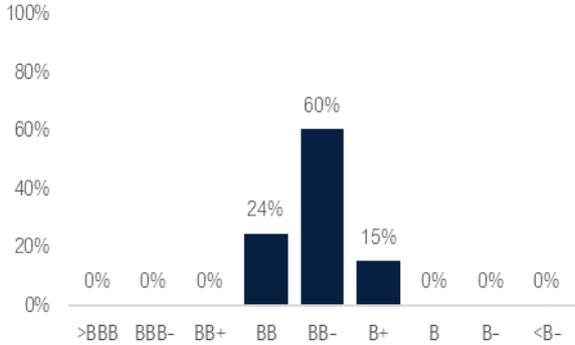
The Fund has successfully funded a number of investments across various borrower types and industries. A breakdown of the Fund's industry and sector exposure as of May 2023 is shown below:

Industry Concentration – Fund II & Parallel SMAs

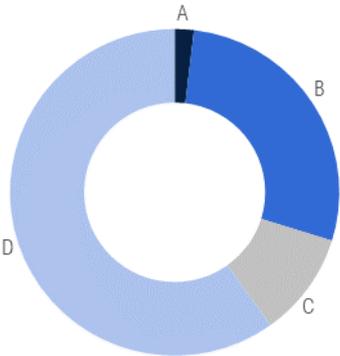


A	Business Services	14%	F	Healthcare / Equipment	6%
B	Childcare	12%	G	REIT	5%
C	Healthcare / Services	12%	H	Consumer Discretionary	5%
D	Industrials / Capital Goods	8%	I	Vocational Education	5%
E	Professional Services	8%	J	IT – Autotech software	5%

Ratings Distribution – Fund II & Parallel SMAs



Leverage Profile – Fund II & Parallel SMAs



A	< 2.0x	14%
B	> 2.0 - 3.25x	17%
C	> 3.25 - 4.25x	36%
D	> 4.25x	33%

### 9.3 TCP Asia-Pacific Fund I Performance

TCP's investment thesis has been demonstrated by its Fund I performance, delivering attractive risk adjusted net returns of BBSY + 4.84% (or, 5.96% on an all-in yield basis<sup>14</sup>) since inception (as at end May 2023).

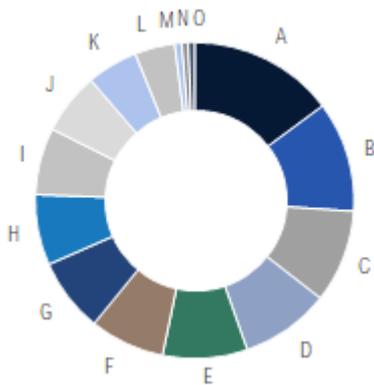
<sup>14</sup> Includes the relevant benchmark rate (BBSY) and upfront fees.

## 9.4 TCP Asia-Pacific Fund I Industry and Credit Rating Profile

Fund I reflects TCP's commitment to disciplined portfolio construction and represents a highly diversified portfolio of debt investments across a wide range of defensive, non-cyclical industry sectors.

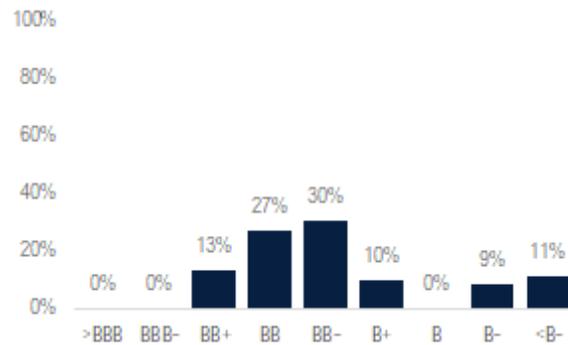
The investment portfolio is diversified by industry and by sector. A breakdown of Fund I's industry and sector exposure as of May 2023 is shown below. The largest exposures are in industrials/professional services, healthcare, and IT/payments. Fund I has no property, retail or commodities / mining / mining services exposure.

### Industry Concentration - Fund I & Parallel SMAs



A	IT - Payments	15%	I	Industrials / Capital Goods	7%
B	Healthcare / Services	11%	J	Financials / Diversified Financials	6%
C	Vocational Education	9%	K	IT - Property Management System	5%
D	Childcare	9%	L	IT - Parking Meter Software	4%
E	Healthcare	9%	M	Healthcare / Equipment	1%
F	Financials / Wealth Management	8%	N	Consumer Discretionary	1%
G	IT - Healthcare	8%	O	IT - Autotech software	1%
H	Professional Services	7%			

### Ratings Distribution - Fund I & Parallel SMAs



### Leverage Profile - Fund I & Parallel SMAs



A	< 2.0x	11%
B	> 2.0 - 3.25x	12%
C	> 3.25 - 4.25x	12%
D	> 4.25x	65%

## 9.5 Fund I Performance Throughout COVID-19, Interest Rate Rise Cycle and Geo-political Uncertainty

COVID-19 triggered an unprecedented period of market volatility in 2020 – a steep global sell-off in risk assets as the extent of the pandemic was realised, followed by a significant rally as governments around the world responded to the burgeoning economic and health crises. Investors have needed to rebalance portfolios due to losses brought on by lockdowns, heightened demand for liquidity, market distortions from government monetary and fiscal largesse, setting the stage for a period of potential economic uncertainty.

More recently, as at the date of this Memorandum, we have and are experiencing one of the fastest interest rate hike cycles in recent history, as many central banks around the world battle persistently high inflation. Ongoing geo-political events in Ukraine and China/Taiwan add to the uncertainty with implications for energy and food prices, as well as global supply chains.

We consider that TCP's investment approach, combining strict bottom-up due diligence, overarching macro analysis and experience developed over numerous cycles, has been proven by the performance of Fund I which offers a high quality portfolio that is weathering the impacts of various economic shocks. Fund I continues to deliver unlevered net spreads of 4.84% over BBSY (as at end May 2023, since inception) from a 100% senior secured portfolio. Every company in Fund I has been affected by COVID-19 and economic conditions to some degree, but TCP's focus on cyclically defensive sectors (e.g. limiting exposure to mining/energy and consumer discretionary) means TCP's portfolio continues to perform in the current environment.

The multitude of economic and geo-political uncertainty has created what TCP considers to be an exceptional opportunity for outperformance by private credit with its focus on capital preservation and income. Furthermore, subdued bank lending (especially to new credits) and a shift of medium sized corporates to institutional lenders for event driven financing has led to a significant increase in opportunities in the mid-market segment in which TCP invests.

## 9.6 Important Differences Between Fund I and Fund II

It is important to understand that there are a number of key differences between Fund I and Fund II and therefore the performance of Fund I may not be a reliable or accurate indicator of the future performance of Fund II. In particular:

- Fund I is a close ended vehicle, whereas Fund II is an open-ended vehicle;
- the returns of Fund I have been disclosed on a 'realised cash and accrued interest basis';
- the valuations of Fund I may be on an unrealised basis;
- Fund I's valuations may not be audited and investments of Fund I may not reflect the price at which they are sold at; and
- the Incentive Fee structure of Fund I differs to Fund II in that the fees for Fund II are charged at NAV, rather than on realisation. Where fees are charged based on NAV, the valuations may not ultimately be achieved.

An investment in the Fund carries risk, including those specific to the Fund and general risks associated with investing in private credit. Many of these risks are outside the control of the Manager, the Trustees and their directors and officers. The Manager and the Trustees do not guarantee any level of return to investors, and there can be no assurances that the investment objectives of the Fund will be achieved. Investors are advised to obtain independent legal advice before investing.

The discussion of risks below is general in nature and does not purport to be a complete explanation of the risks involved in investing in the Fund. Investors should rely on their own enquiries and assessments in relation to investments in the Fund.

While not exhaustive, the most common risks associated with investing in the Fund are described below and should be considered prior to any investment:

## 10.1 Risks Relating to the Fund

### Macroeconomic uncertainty and industry specific factors risk

The performance of borrowers is dependent to some extent on the general level of economic activity and also sectoral risk factors inherent within specific industries in which they operate. Investment returns may be impacted by the general condition of the economies in which borrower companies operate (including Australia and New Zealand) as well as the broader global economy and the vagaries of market forces affecting the particular industry of each investment. Fluctuations in credit markets may also affect value.

### Liquidity risk

The assets of the Fund are private credit instruments that are generally considered to be illiquid securities as there is no readily available market to realise these assets. There can be no assurance that the Manager will be able to realise investments in a timely manner nor at a suitable price. The realisation of investments may be subject to a number of factors such as general economic conditions and credit markets. In addition, the ability to redeem Units may be restricted in accordance with the Trust Deed and subject to the discretion of the Trustee. Units can only be

transferred with the Trustee's consent and there is unlikely to be a secondary market in Units.

### Deal flow risk

Sourcing of deals is a difficult and lengthy process and increasingly competitive. The Fund may not be able to fully invest its committed capital at acceptable returns. The Manager may face unfavourable or a low volume of deal flow which may affect its ability to implement the Fund's investment strategy.

### Leverage risk

The Fund's portfolio is likely to include borrowers which have significant debt in their capital structures. Borrowers with a leveraged capital structure have increased exposure to rising interest rates, refinance risk, economic downturns and deteriorations in the financial performance of the company. Leverage may also exacerbate losses. The Fund itself may also borrow funds, thereby potentially increasing the volatility of returns.

### Borrower default risk

One or more borrowers lent to by the Fund could suffer financial difficulties and/or fail leading to financial difficulties for the Fund and/or a loss of capital to investors.

### Due diligence risk

There is a risk that the legal, financial and tax due diligence conducted on investments may not identify all issues associated with the investment that may cause a loss to the Fund.

### Valuation risk

The investments of the Fund may be difficult to value and may not have readily ascertainable values. In addition, the appraised value of an asset may not always be consistent with, and therefore may be higher or lower than, the price at which the asset could be sold on any particular appraisal date. Although the Manager may rely on appraisals of the assets, there can be no assurance that the appraisals will in fact represent the actual value of the assets.

### Management risk

Control of the Fund will be vested in the Trustee and the Manager. The investor will have no voting rights in respect of investment decisions or the ability to control the day-to-day operations, including investment and disposition decisions, of the Fund except to the extent provided for in the Trust Deed. The investor will be reliant on the Trustee and the Manager for the operational control and success of the Fund.

### Manager risk

Unfavourable circumstances may affect the Manager's ability to make investments at acceptable prices. The Manager may not be successful in implementing its investment strategy. Further, there is a risk that key personnel may depart (see 'Key person risk and Investment team risk') or the Manager may be removed as manager of the Fund for a number of reasons. In the case a suitable successor manager is not appointed, the Fund could ultimately be wound up.

### Currency risk

The Fund's portfolio may hold investments priced in foreign currencies. While the Manager undertakes to hedge each investment, these investments may be exposed to foreign exchange risk which can either positively or negatively impact the investment returns of the Fund.

### Interest rate risk

The interest payable by the Fund on indebtedness incurred is subject to change and volatility in interest rates. The performance of borrowers may also be impacted by rising interest rates.

### Key Person risk

The departure of skilled and key employees within the Manager's management may impact the ability of the Manager to implement its investment strategy.

### Foreign investment risk

The Fund may be subject to risks such as:

- difficulties repatriating capital and income;
- lender protection laws which provide less protection than under Australian or New Zealand laws;
- potentially volatile economies and credit markets; and
- political instability.

### Co-Investment risk

The Fund may co-invest with third parties. Possible risks of such investments include co-investor financial difficulties, inconsistent interests or goals with the Fund, or the co-investor being in a position to take action contrary to the Fund's investment objectives.

### COVID-19 risk

On 30 January 2020 the World Health Organisation declared a global emergency and pandemic with respect to a strain of the coronavirus which is the cause of the COVID-19 virus (**COVID-19**) following its emergence in Wuhan, China and its subsequent global spread including to the United States, Europe, the United Kingdom, Japan and Australia. In order to combat the spread of COVID-19, many national governments instituted social distancing measures which caused widespread disruption to business and economic operations. Whilst the world is beginning to emerge from COVID-19, recovery has been uneven across different countries and industries. Therefore, the future of any continued economic impact caused directly or indirectly by COVID-19 remains uncertain and may affect the ability of borrowers to repay debts, companies to pay dividends and the ability of the Fund to exit investments. Accordingly, the Fund's returns and its ability to pay redemptions may be negatively impacted by the lingering effects of COVID-19.

### Redemption risk

If a situation occurs where the assets that the Fund invests in are no longer able to be readily bought and sold, or market events reduce the liquidity of a security or asset class, there is a risk that the generally applicable timeframe for meeting redemptions requests may not be able to be met. This is because it may take longer to sell these types of investments at an acceptable price. In this case, redemptions from the Fund may take significantly longer than the generally applicable timeframe, you may not be able to redeem and/or redemptions may need to be suspended (see "Suspension" for more information). Due to the Fund's investments in the less liquid private credit market, where assets are traded less frequently, the Fund offers quarterly withdrawals with a minimum notice period and on a 'best endeavours' basis. However, given the illiquid nature of the assets, investors in the Fund must be aware that it may take significantly longer to receive the redemption proceeds than the generally applicable timeframe specified above in the 'How to redeem' section. Investors do not have a right to redeem their Units, and requests for withdrawals of Units may be accepted or rejected by the Trustee in its absolute discretion.

### Investors will not participate in management risk

Investors will not be able to control or participate in the day to day operations of the Fund. Investors will not be able to make investment or other decisions on behalf of the Fund or have any role in the Fund's transactions. The success of the Fund will be largely reliant on the expertise and experience of the investment professionals employed by the Manager and there can be no assurance that such individuals will continue to be employed by the Manager or function on behalf of the Fund. The failure by the Manager or its permitted delegates to appropriately carry out its obligations may have an adverse impact on the Fund's performance.

### Limited information available to investors risk

Generally, investors will not receive any financial information issued by prospective investee entities which is available to the Manager prior to the making of an investment by the Fund. Investors will not have the opportunity to evaluate for themselves: (a) the terms of investments; (b) the type or location of the investments; or (c) other relevant economic and financial data affecting the investments.

### Significant adverse consequences for default risk

An investor who defaults on its capital commitment or other payment obligations will be subject to significant financial penalties and other remedies and consequences as set out in the Governing Documents. The Fund may experience difficulty in making up for a shortfall from other sources should an investor fail for whatever reason to pay the sums requested by the Fund on any due date of a draw down in respect of a capital commitment of the investor. Other investors may be required to make additional contributions to fund such shortfall, thereby reducing the diversification of their investment exposure to the Fund. Any default by one or more investors could have an adverse effect on the Fund, its assets and the units of other investors.

### Limited recourse to the manager risk

The Governing Documents will limit the circumstances under which the Manager and Trustee can be held liable to the Fund and the investors. As a result, the investors may have more limited rights of action in certain cases than they would in the absence of such provisions.

## 10.2 General Investment Risks

### Taxation risk

Changes to tax laws, interpretation or practice could adversely affect the tax treatments of an investment in the Fund (including the tax treatment of the Fund's investments).

### Changes in law

The Fund must comply with applicable laws and regulations, which may change from time to time. There is a possibility that adverse consequences may arise for these investments because of amendments to statutes and regulations affecting the operations of the underlying businesses. This may have a materially adverse effect on investors investment in the Fund.

Changes in government and monetary policy, taxation and other laws may all have an impact on borrowers or on the ultimate return achieved by investors.

The Trustee will endeavour to cause the Fund to procure and maintain all required permits and approvals, and to make investments in accordance with all applicable laws, rules and regulations. If any law or regulation applicable to the Fund currently in effect should change or be interpreted or administratively implemented in a manner inconsistent with the intended manner or operation of the Fund, or if any new laws or regulations should be enacted, the legal requirements to which the Fund is subject could differ materially from current requirements and/or the manner of operation of the Fund might have to be restructured.

#### **Litigation risk**

The Fund's investments may be subject to litigation or legal proceedings which may have an adverse effect on the value of the Fund's assets and its operations.

#### **Economic and market risk**

Realisation of investments and returns will be subject to economic conditions in the general economy and particular markets (especially those that the Fund will invest in), and this may affect both the value of the Fund's assets and the future performance of the Fund and its assets. These events may include (but are not limited to) changes in legal, tax, economic, social, technological or political conditions, laws as well as general market sentiment.

### 11.1 Privacy

This Memorandum (including the Subscription Agreement) requires you to provide personal information. The Trustees, the Manager and each service provider to the Trustees, Manager or Fund may collect, hold, disclose and use your personal information in order to assess your application, service your needs as a client or investor, provide facilities and services to you, the Trustees, the Manager or the Fund and for other purposes permitted under the Privacy Act 1998 (Cth) (the **Privacy Act**) and the Australian Privacy Principles (Schedule 1, Privacy Act) (the **APPs**).

Tax and company laws also require some of the personal information to be collected in connection with your application. If you do not provide the personal information as requested, your application may not be able to be processed efficiently, or at all.

Your personal information may also be disclosed to members of each of the Trustees' or Manager's group of companies and to their agents and service providers on the basis that they deal with such personal information in accordance with the Trustees' or Manager's (as applicable) privacy policy. The Trustees or the Manager may need to disclose personal information about you to government entities and regulators as required by law.

Your personal information may also be used to inform you about investment opportunities or other matters that the Manager thinks may be of interest to you. Contact the Manager if you do not want your personal information to be used for this purpose or to request a copy of your personal information held by the Trustees or the Manager (or their registry provider).

Under the APPs, you may request a copy of your personal information held by or on behalf of the Fund by contacting the Manager.

The privacy policy, which is available on the Trustees' or the Manager's website or by emailing or calling the Trustees or the Manager, explains more about the types of personal information collected and how your personal information is handled, as well as how you can access or seek a correction of your personal information, how you

can lodge a complaint about the handling of your personal information or a breach by the Trustees or the Manager of the APPs, and how such a complaint will be handled.

### 11.2 Anti-money laundering

The Trustees are required to comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth) and associated rules and regulations (**AML/CTF Law**). The Trustees may require you to provide personal information and documentation in relation to your identity when you purchase units in the Fund. The Trustees may need to obtain additional information and documentation from you when undertaking transactions in relation to your investment. The Trustees may need to identify:

- an investor prior to purchasing units in the Fund. The Trustees will not issue units in the Fund until all relevant information has been received and your identity has been satisfactorily verified;
- your estate – if you die while you are the owner of units in the Fund and Trustees may need to identify your legal personal representative prior to redeeming units in the Fund or transferring ownership; and
- anyone acting on your behalf, including your power of attorney.

In some circumstances, the Trustees may need to re-verify this information.

By applying to invest in the Fund, you also acknowledge that the Trustees and Manager may decide to delay or refuse any request or transaction, including by suspending the issue or redemption of units in the Fund or payment of proceeds, if it is concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under, any AML/CTF Law, and the Trustees and Manager will incur no liability to you if it does so.

### 11.3 Modern slavery

TCP is committed to (i) detecting and preventing any form of slavery or human trafficking in its business through implementation and enforcement of appropriate systems and controls; and (ii) ensuring transparency in its approach to inhibiting modern slavery in its business. This commitment has been incorporated into TCP's internal policies and procedures and ESG policy, supporting TCP's commitment to upholding the PRI. A review of slavery and human trafficking is a fundamental part of TCP's ESG considerations of potential investments.

During the ESG due diligence process, TCP's investment team is required to comply with TCP's ESG Policy which includes TCP's ESG priorities and reflects some of the material ESG topics, including slavery and human rights. This is practically implemented into TCP's pre-investment screening process, which requires specific consideration of potential human rights violations and labour standards of potential investee companies.

### 11.4 Allocation policy

Where an investment opportunity becomes available to the Manager or its affiliates, the Manager and its affiliates may allocate this opportunity to TCP group entities, the Fund, other funds operated by the Manager and the Manager's clients according to whom the Manager considers is best suited for that opportunity. Where an opportunity is equally best suited to one or more such funds or persons, the opportunity will generally be allocated pro rata to each fund's or person's Capital Commitment. The Manager does not currently have a general policy of giving priority investment allocation to any particular fund or person.

In determining whether an investment opportunity is suited to a particular fund or person, the Manager will have regard to factors that may include the investor's:

- investment objective;
- investment strategy, guidelines, parameters and circumstances – for example, the Manager may allocate a greater proportion of investment opportunities to a fund managed by the Manager which has just been established and any other factors (such as general economic conditions) that the Manager considers relevant; and
- the Manager reserves the right to, in its absolute discretion, allocate investment opportunities between its clients (including the Fund).

The Manager and its affiliates may also, from time to time, offer to third parties the right to co-invest in investments made by the Fund. Allocation of investment opportunities among the Fund, existing and future TCP group investment vehicles, and third parties may give rise to conflicts of interest among such parties. In addition, other members of the TCP group are under no obligation to share with the Manager or the Fund access to opportunities that may be appropriate for the Fund.

### 11.5 Conflicts of interest and related party transactions

The Manager may encounter potential conflicts of interest in connection with the activities of the Fund. By investing in the Fund, each investor will be deemed to have consented to any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such actual or potential conflicts of interest. Further detail of potential conflicts is highlighted below.

### A. Manager conflicts of interests

The Manager may encounter potential conflicts of interest in connection with the activities of the Fund. This section describes certain potential conflicts of interest that should be carefully evaluated before making an investment in the Fund. Whilst there are measures in place that are designed to adequately manage conflicts of interest, there can be no guarantee that conflicts of interest will not adversely affect the Fund.

### B. Conflicting investor interests

Investors may have conflicting investment, tax and other interests with respect to their investment in the Fund. The conflicting interests of investors may relate to or arise from, among other things, conflicting interests as between entities comprising the Fund, the nature of investments made by the Fund, the structuring of the acquisition of investments by the Fund, the timing of disposal of investments and the taxation of income and gains of the Fund. As a result, conflicts of interest may arise in connection with decisions made by the Manager that may be more beneficial for one entity comprising the Fund than other entities comprising the Fund or for one investor than other investors. In making such decisions, the Manager will generally consider the interests of the Fund and the investors as a whole, not the interests of any entity comprising the Fund or any investor individually.

### C. Potential conflicts of interest relating to the Manager

Whilst the interest of the Manager in the carried interest in the Fund operates to align, to an extent, the interests of the Manager with the interests of the investors in respect of the Fund, existing or future funds raised by the Manager may compete with the Fund or investee entities of the Fund in terms of the Manager's time. The Manager and its staff may focus their investment activities on other opportunities and areas unrelated to the Fund but will take reasonable endeavours to avoid conflict with the intention of the Fund.

Subject to the Corporations Act and the Governing Documents, each of the Trustee, Manager and its employees, officers, advisers and associates may from time to time:

- act in various capacities (such as adviser, manager and responsible entity/trustee to another fund vehicle) in relation to, or be otherwise involved in (such as by way of investment), other business activities that may be aligned or in competition with the interests of investors in the Fund;
- deal with each other in relation to the Fund (such as the Fund acquiring investments from other funds managed by the Manager) in which case the dealing will generally be on arm's-length terms or approved by the investors;
- invest in and deal in any capacity, with the same investments as that of the Fund, on similar or different terms; and/or
- recommend that investments be purchased or sold, on behalf of the Fund, regardless of whether at the same time it may buy, sell or recommend, in the same or in a contrary manner, the purchase or sale of identical investments in relation to itself or other clients.

The Manager may aggregate orders or investment allocations of the Fund with all of the other funds that it manages.

The Manager has established internal policies and procedures to identify and appropriately manage any conflicts of interest arising in relation to the Fund.

Where the Manager considers that a particular conflict of interest is likely to have a materially adverse effect on investors in the Fund it will seek to implement adequate arrangements to mitigate and prevent (where practicable) such adverse effects on investors in the Fund. In certain cases, the Manager may disclose the conflict of interest to the investor and obtain its consent to the Manager (and other persons if relevant) proceeding in the context of that conflict of interest.

## D. Tanarra Group Relationship

Tanarra Group Pty Limited and its related entities (Tanarra Group) may from time to time have commercial relationships with the investee companies of the Fund. All activities will be conducted at arm's length to the Fund and any potential conflicts of interest will be fully disclosed to the investors. The Fund will not be permitted to invest in any companies in which the Tanarra Group has any equity investment.

## E. Performance Allocations

The fact that the compensation of the Manager is based on the performance of the Fund may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of such an arrangement. However, this incentive may be mitigated in part by the fact that losses will reduce the Fund's performance, and thus, the compensation of the Manager.

### 11.6 Periodic reporting

For accounting and reporting purposes, the Fund will operate on a 30 June financial year end basis. The Manager will formally report to investors on a monthly, quarterly and annual basis:

Reports	How to be given
Accounts for the Financial Year which have been audited by the Auditor.	To each Member within 120 days after the end of the Financial Year.
A quarterly report providing narrative statement about the general performance of the Trust and its activities.	To each Member within 20 Business Days after the end of each quarter.
Unaudited statements of the monthly net asset value of the Trust together a narrative statement about the general performance of the Trust and its activities at the end of the specified month.	To each Member within 20 Business Days after the end of each month.

**WARNING:** Investing in the Fund is likely to have tax consequences and you are strongly advised to seek professional tax advice before investing.

### 12.1 Australian taxation implications

Investing in the Fund is likely to have tax consequences. The following information summarises some of the Australian taxation issues you may wish to consider before making an investment in the Fund.

This summary assumes that you hold your investment in the Fund on capital account, are not considered to be carrying on a business of investing, trading in investments or investing for the purpose of profit making by sale, are not a financial institution or government authority, have not made an election under the Taxation of Financial Arrangements (**TOFA**) rules, and are not exempt from tax in Australia or another country. This summary is necessarily general in nature and is not intended to be either a definitive or exhaustive statement of the possible tax treatment for the Fund or its investors. This summary does not take into account each investor's individual facts and circumstances. The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ.

This summary is based on the taxation laws as at the date of this Memorandum. Taxation laws can change at any time, which may have adverse taxation consequences for investors concerned. It is recommended that investors and prospective investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

#### A. Managed Investment Trust (MIT) regime

It is intended that the Fund will qualify as a Managed Investment Trust (**MIT**) for Australian tax purposes. The Trustee may also consider whether it is desirable to elect that the Fund be treated as an Attribution MIT (**AMIT**). Whilst the AMIT regime provides certain administrative benefits for both the Fund and investors, it typically does not have a significant impact on the tax payable by investors.

The taxation comments that follow are made on the assumption that the Fund qualifies as a MIT but has not yet made an AMIT election. We have also provided comments below on the key differences that would be expected to arise if the Fund were to make an AMIT election.

#### B. Taxation of the Fund

It is intended that the Trustee will make the investors presently entitled to the net income of the Fund in each income year and distribute the distributable income of the Fund in accordance with the terms of the Trust Deed. As a result, no Australian income tax should be payable by the Trustee (subject to the comments below in relation to non-resident investors).

The TOFA rules may apply to financial arrangements held by the Fund when calculating its net income. Broadly, the TOFA rules may impact the timing of the recognition of gains and losses in the Fund for tax purposes, and will also treat relevant gains and losses as being on revenue account.

Provided the Fund qualifies as a MIT, the Trustee should be entitled to elect for deemed capital gains tax (**CGT**) treatment to apply to certain investments held by the Fund. Whilst deemed CGT treatment typically applies to investments that are classified as equity interests for tax purposes, it does not apply to investments that are classified as debt interests for tax purposes. As the Fund is expected to invest primarily in debt interests, the benefits associated with deemed CGT treatment may be limited.

If the Fund makes a loss in an income year, the loss cannot be distributed to investors. Rather, the Fund may carry the loss forward and take it into account in calculating its net income for tax purposes in a subsequent income year, subject to satisfying certain trust loss recoupment provisions.

For completeness, if the Trustee is able to control (whether directly or indirectly) the affairs or operations of an investee entity that carries on a trading business (broadly, any business that is not an investment business), the Fund may constitute a public trading trust and be taxed as a company. It is the intention of the Fund that it will not at any stage constitute a public trading trust and the taxation comments that follow are on that basis.

### **C. Taxation of Australian resident investors in the Fund**

#### **Distributions by the Fund**

An Australian resident investor must include in its assessable income for an income year its share of the net income of the Fund for tax purposes to which it is presently entitled in that income year.

If the Australian resident investor's share of the net income of the Fund includes capital gains, and the Fund held the relevant asset for at least 12 months, the Australian resident investor may be entitled to reduce the taxable capital gain (after the application of capital losses) by their CGT discount percentage. Resident investors who are individuals and trusts are generally entitled to a 50% discount, whereas resident investors who are complying superannuation funds are generally entitled to a 33 $\frac{1}{3}$ % discount. Companies are not entitled to the CGT discount.

An Australian resident investor may be required to include an additional amount in its assessable income equal to the franking credits attached to a franked dividend to which the investor is presently entitled. The Australian resident investor may be entitled to a tax offset (and, possibly, a tax refund) in respect of such franking credits.

To the extent that a distribution includes a return of capital, it will not generally be assessable income. Instead, the return of capital will reduce the cost base of an investor's units. If the return of capital reduces the cost base of the units to nil, then any further return of capital will be assessable as a capital gain. This will also impact the CGT treatment of a redemption or transfer of units.

#### **Disposal of units**

The tax treatment of an Australian resident investor on redemption or transfer of units will depend on whether the units are held on revenue or capital account.

Broadly, any gains made on units held on revenue account will be assessable as ordinary income and any losses will be allowable as deductions.

Capital gains made by an investor upon the disposal of their units that are held on capital account and held for at least 12 months should qualify for the CGT discount. This means that, for Australian tax purposes, the Australian resident investor may reduce the amount of taxable capital gain (after the application of capital losses) by 50% in the case of an individual or trust, or 33 $\frac{1}{3}$ % in the case of a complying superannuation entity. The CGT discount is not available to an investor that is a company.

### **D. Taxation of non-resident investors in the Fund**

#### **Distributions by the Fund**

The Trustee of the Fund must withhold tax from the Australian sourced income to which non-resident investors are presently entitled and certain payments made to non-resident investors. The rates of withholding tax are as follows:

## Australian Withholding Tax Rates

Type of Income/Distribution	Rate of Tax
Interest	10% <sup>15</sup>
Franked Dividends	Nil
Unfranked Dividends	5%-30%
Capital gains from the disposal of direct and indirect interests in Australian real property and mining rights	15% if the investor is resident in a country that has a tax information exchange agreement with Australia Otherwise, 30%
Capital gains from the disposal of other assets	Nil <sup>16</sup>
Other income with an Australian source	15% if the investor is resident in a country that has a tax information exchange agreement with Australia Otherwise, 30%
Other income with a foreign source	Nil

### Disposal of units

The tax treatment of a non-resident investor on redemption or transfer of units will depend on whether the units are held on revenue or capital account.

Any gain made by a non-resident investor on the redemption or transfer of units held on revenue account will be assessable as ordinary income if the gain has an Australian source. The source of the gain will depend on a number of factors, including the place of contract to acquire and redeem or transfer the units and the place of any activities relevant to the holding of the units. Further, the terms of any relevant double tax agreement (**DTA**) should also be taken into account.

Any gain made by a non-resident investor on the redemption or transfer of units held on capital account should not be subject to Australian tax if the non-resident investor's interest in the Fund is less than 10% (at all times during the previous 24 months, and including any interests held by associates), or the value of the Fund's assets is not principally referable to Australian real property and mining interests. It is not expected that the value of the Fund assets will be principally referable to Australian real property and mining interests, however this will ultimately need to be determined at the time of disposal.

### E. Consequences if the Fund is an AMIT

In the event that the Fund elects to be treated as an AMIT, investors will be taxed on the taxable income that is attributed to them, rather than on the share of the net income of the Fund to which they are presently entitled. The Fund is required to undertake this attribution on a fair and reasonable basis.

The Trustee should not be liable to pay income tax on the Fund's taxable income as it intends to attribute all determined trust components (i.e., assessable income, exempt income and non-assessable non-exempt income) to investors each year.

Investors will be advised of the taxable income that is attributed to them in an AMIT Member Annual Statement (**AMMA Statement**), which will set out the amount and components of the taxable income and tax offsets attributed to them. An AMMA Statement will be provided to investors after the end of each income year. If an investor disagrees with the amount attributed to them in the AMMA Statement, they can object to the Commissioner of Taxation. If an investor does this, it is important that they obtain professional tax and legal advice prior to doing so. Under the Trust Deed, the investor is required to indemnify the Trustee against all costs and liabilities incurred by the Trustee as a result of the objection or proposed objection.

<sup>15</sup> Depending on whether the investor is a resident of a country with which Australia has entered into a double tax agreement and the particular terms and application of the double tax agreement to that investor

<sup>16</sup> Provided the trust qualifies as a fixed trust

The Fund may accumulate taxable income without causing the Trustee to be taxable on that income. If this occurs, investors may be attributed taxable income without receiving a cash distribution. The cost base of investors' units should increase or decrease where the amount of taxable income attributed to them is less than or greater than (respectively) an amount that is broadly equal to the cash distribution and tax offsets that they receive for an income year.

The Fund may also make annual adjustments to reflect under-or-over distributions of the Fund's income in prior income years ("under and overs"). Furthermore, the Fund should be deemed to be a 'fixed trust' for taxation purposes.

#### **F. Consequences if the Fund is not a MIT**

In the event that the Fund does not satisfy the requirements to be a MIT, the Fund would be unable to benefit from deemed CGT treatment in respect of its investments. As a result, most, if not all, of the gains made by the Fund may be regarded as being of a revenue nature and, therefore, taxable as ordinary income, rather than as capital gains.

If this were to occur, Australian resident investors would not be eligible for the CGT discount on their share of any gains, nor would any investor's existing capital losses be available to be used to offset any taxable gains made and distributed by the Fund. Non-resident investors would also lose any entitlement to the exemption on capital gains.

Furthermore, the Trustee would not be entitled to apply concessional MIT withholding tax rates described above to distributions made to non-resident investors. Instead, any gains, to the extent they are Australian sourced, will be taxable to the Trustee and the investor (with the investor entitled to a credit for the tax paid by the Trustee to prevent double taxation). As such, non-resident investors would effectively be subject to tax at their prevailing Australian non-resident marginal tax rates. However, any interest and dividend income distributed to non-resident investors should continue to be subject to the withholding tax rates described above.

#### **12.2 Goods and Services Tax**

The acquisition and disposal of units by investors should not be subject to GST. Similarly, the distributions paid by the Fund to investors should not be subject to GST. GST is payable by the Fund on some ongoing expenses, however the Fund may be able to claim a reduced input tax credit (**RITC**) of at least 55% of the GST paid, depending on the precise nature of the expenses incurred.

#### **12.3 Stamp Duty**

The issue or redemption of units is not expected to attract any duty. Investors should confirm the duty consequences of transferring units with their taxation adviser.

#### **12.4 TFN Withholding**

As the Fund will be an investment body for income tax purposes, the Fund will be required to obtain a Tax File Number (**TFN**) or Australian Business Number (**ABN**) in certain cases from its investors.

It is not compulsory for an investor to quote their TFN or ABN. If an investor is making this investment in the course of a business or enterprise, the investor may quote an ABN instead of a TFN. Failure by an investor to quote an ABN or TFN or claim an exemption may cause the Trustee to withhold tax at the top marginal rate, plus levies, on gross payments including distributions of income to the investor. The investor may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

#### **12.5 Annual Investment Income Report**

The Trustee is required to lodge an Annual Investment Income Report with the ATO containing investor identity details and investment income paid to investors for the relevant Financial Year.

## 12.6 Foreign Account Tax Compliance Act (FATCA)

The United States of America has introduced rules commonly referred to as the Foreign Account Tax Compliance Act (**FATCA**) which are intended to prevent US persons from avoiding tax. Broadly, the rules may require the Fund to report certain information to the ATO, which may then pass the information on to the US Internal Revenue Service (**IRS**). If you do not provide this information, TCP will not be able to process your Application.

To comply with these obligations, the Trustee will collect certain information about you and undertake certain due diligence procedures to verify your FATCA status and provide information to the ATO in relation to your financial information required by the ATO (if any) in respect of any investment in the Fund.

If the Fund suffers any amount of FATCA tax, neither TCP, the Trustee nor the Fund will be required to compensate you for any such tax, and the effects of these amounts will be reflected in the returns of the Fund. A credit for such foreign taxes may be available in your jurisdiction of residence. You should seek your own advice in this regard.

## 12.7 Common Reporting Standards

The Australian government has implemented the OECD Common Reporting Standards Automatic Exchange of Financial Account Information (**CRS**) from 1 July 2017. CRS, like the FATCA regime, will require banks and other financial institutions to collect and report financial account information of non-residents to the ATO.

CRS will require certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. The Fund is expected to be a 'Financial Institution' under the CRS and intends to comply with its CRS obligations by obtaining and reporting information on relevant accounts (which may include your units) to the ATO. For the Fund to comply with its obligations, the Trustee will request that you provide certain information and certifications to it. The Trustee will determine whether the Fund is required to report your details to the ATO based on its assessment of the relevant information received. The ATO may provide this information to other jurisdictions that have signed the "CRS Competent Authority Agreement", the multilateral framework agreement that provides the mechanism to facilitate the automatic exchange of information in accordance with the CRS. The Australian Government has enacted legislation amending, among other things, the *Taxation Administration Act 1953* (Cth) of Australia to give effect to the CRS.

### Definitions of words, terms and abbreviations which are used in this document

**Accounting Standards** means the accounting standards and any other generally accepted accounting principles and practices in Australia (to the extent they are not inconsistent with the accounting standards) recommended by the Manager.

**AFSL** means an Australian financial services licence issued by ASIC.

**APAC Trustee** means ITG as the trustee of the TCP APAC Fund II Trust.

**ASIC** means the Australian Securities and Investments Commission.

**BBSY** means:

- (a) the Australian Bank Bill Swap Reference Rate (Bid) administered by ASX Benchmarks Pty Limited (or any other person which takes over the administration of that rate) for the relevant period and displayed on page BBSY of the Thomson Reuters Screen (or any replacement Thomson Reuters page which displays that rate) by noon. If such page or service ceases to be available, the Manager (acting reasonably) may specify another page or service displaying the relevant rate; or
- (b) if the rate described in paragraph (a) above is not available, the sum of:
  - (i) the Australian Bank Bill Swap Reference Rate administered by ASX Benchmarks Pty Limited (or any other person which takes over the administration of that rate) by noon for the relevant period and displayed on page BBSW of the Thomson Reuters Screen (or any replacement Thomson Reuters page which displays that rate). If such page or service ceases to be available, the Manager (acting reasonably) may specify another page or service displaying the relevant rate; and
  - (ii) 0.05% per annum; or
- (c) if the Manager is unable to determine the rate in accordance with paragraph (a) or (b) of this definition (including, if applicable, because no new page or service has been selected in accordance with paragraph (a) or (b)), the rate determined by the Manager having regard to comparable benchmarks then available,
- (d) and if, in any case, that rate is less than zero, BBSY shall be deemed to be zero. For the purposes of determining the rate as at a time, any subsequent correction, recalculation or republication by the administrator after that time shall be included.

**Board** in respect of a company, means the board of directors of that company as constituted from time to time.

**Business Day** means any day that is not a Saturday, Sunday, bank holding or public holiday in Sydney.

**Class** means a class of units in a Trust.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Capital Commitment** means, in respect of an investor, the total amount of the capital committed by an investor to a Trust made under a Subscription Agreement (to the extent accepted by the Trustee), as determined and adjusted in accordance with the Governing Documents.

**Cost** includes costs, charges, fees, expenses, commissions, liabilities, losses, damages and taxes and all amounts payable in respect of any of them or like payments.

<b>First Issue Date</b>	means, in respect of a Trust, the date on which the first unit (other than any Initial units) are issued for consideration.
<b>Fund I</b>	means the Tanarra Credit Partners Asia-Pacific Fund I.
<b>Fund or Fund II</b>	means Tanarra Credit Partners Asia-Pacific Fund II comprising the TCP APAC Fund II Trust and each Strategy Trust, as a whole.
<b>Governing Documents</b>	means the Trust Deed, the Management Agreement, the Subscription Agreement and such other documents as the Manager determines appropriate for establishing each Trust.
<b>Incentive Fee</b>	means the incentive fee payable to the Manager in respect of each Trust as set out in section 6.2 of this Memorandum.
<b>Initial Units</b>	means, in respect of a Trust, any initial units issued to the Manager or its affiliates for the purposes of establishing the Trust.
<b>Issue Date</b>	means the date on which a unit is created and issued to a person.
<b>Issue Price</b>	means, in respect of a Trust, the price at which a unit is created and issued to a person.
<b>ITG</b>	ITG Australia TS Pty Ltd ACN 638 489 451 AFSL 521 741.
<b>ITG Sub</b>	ITG Australia TS Sub Pty Ltd ACN 642 379 235 Authorised Representative No 001288246.
<b>Lock Up Date</b>	means, in respect of a unit, 31 December 2023.
<b>Management Agreement</b>	means the investment management agreement under which the Manager is appointed by the Trustee to provide investment management and other services to a Trust.
<b>Management Fee</b>	means the management fee payable to the Manager in respect of each Trust as set out in section 6.1 of this Memorandum.
<b>Memorandum</b>	means this information memorandum.
<b>Net Trust Value</b>	means, in respect of a Trust, the total value of the property less the trust liabilities.
<b>Net Unit Value</b>	means in respect of a unit, the Net Trust Value divided by the number of units.
<b>Ordinary Resolution</b>	means a resolution passed by at least 50% votes cast by investors present and entitled to vote on the resolution
<b>Redemption Date</b>	means the date on which a redemption of units occurs pursuant to a Trust Deed, being the last Business Day of each calendar quarter and any additional or alternative dates specified by the Trustee.
<b>Redemption Price</b>	means, in respect of a Trust, the unit price calculated in accordance with the redemption price procedures set out in the Trust Deed.
<b>Redemption Request</b>	means, in respect of a Trust, a request by an investor to the Trustee to redeem units which must be in the form approved by the Trustee.
<b>Special Resolution</b>	means a resolution passed by at least 75% votes cast by Members present and entitled to vote on the resolution.
<b>Strategy Trust Trustee</b>	means ITG Sub as trustee of each of the Strategy Trusts.

<b>Strategy Trusts</b>	means the: (a) TCP Senior Loan Levered Trust; and (b) TCP Credit Opportunities Trust.
<b>Subscription Agreement</b>	means the document, approved by the Trustee, under which an investor makes a commitment to invest in a Trust and agrees to comply with the terms of the Governing Documents as they apply to that investor.
<b>TCP APAC Fund II Trust</b>	means the TCP Asia-Pacific Fund II.
<b>Transaction Benefits</b>	means transaction fees, including arrangement fees, borrower fees, establishment fees and other similar advisory fees (excluding GST) received by the Trustee, the Manager or any of their associates from entities in which a Trust has invested (including by way of debt) to the extent attributable to that investment.
<b>Transaction Benefits Split</b>	means, in respect of a Class, 50% of the Transaction Benefits the Manager receives that is referable to that Class.
<b>Transaction Costs</b>	means such amounts determined by the Trustee under the Governing Documents including the Trustee's estimate of the establishment costs plus transaction costs that would be incurred to acquire or dispose of investments.
<b>Trust</b>	means the TCP APAC Fund II Trust and each Strategy Trust.
<b>Trust Deed</b>	means each trust deed which establishes a Trust, as amended, varied, updated or supplemented from time to time.
<b>Trustee</b>	means the APAC Trustee and each Strategy Trust Trustee.
<b>unit</b>	means a beneficial interest in a Trust.
<b>Unit Return</b>	means, on a date, in respect of a unit in a Class, an amount equal to: (a) in the case of the first calculation period, the increase or decrease (if any) in the Net Unit Value (after taking into account Transaction Benefits allocated to a Class and all liabilities for accrued fees except the Incentive Fee the subject of the calculation); and (a) in all other cases, the increase (if any) in the Net Unit Value of a unit as at the beginning of the calculation period (after taking into account Transaction Benefits allocated to a Class and all liabilities for accrued fees except the Incentive Fee the subject of the calculation); plus (b) any distribution liabilities or distributions paid (without a distribution liability being raised) to investors or tax credits received by investors of that Class, since the last time an Incentive Fee was payable or in the case of the first calculation period or for a unit issued during a calculation period, since the issue of the unit.
<b>Valuation Guidelines</b>	means the Australian equivalent of the International Financial Reporting Standards and other guidelines or policies approved by the Manager.
<b>Wholesale Client</b>	has the meaning as defined in section 761G of the Corporations Act.

**Manager**

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