



Pallas Short Term Fund

Performance Update – Q4 2024

31 December 2024
PSTF

Key Information & Service Providers

Fund Product	Pallas Short Term Fund (PSTF)
APIR Code	PCF7474AU
Net Return	4.75% p.a. plus 1 month BBSW
Total Investor Return	9.06% p.a. (incl. BBSW) (BBSW as at 1 December 2024)
Investment Type	Unregistered Managed Investment Trust
Start Date	November 2021
Term	Open-ended
Distributions	Monthly in arrears
Redemption Notice Period	Minimum 3 months
Trustee	Pallas Funds Pty. Limited. (AFSL No. 473475)
Investment Manager	Pallas Capital Pty. Limited. (AFSL AR No. 1257625)
Fund Ratings	3.75 Star Favourable Rating SQM Research (SQM)
Platforms	HUB24

Investment Objective

To achieve returns of 4.75% p.a. plus BBSW (net of fees and expenses), and provide monthly cash income, capital preservation and portfolio diversification in short term investments.

The Pallas Short Term Fund (PSTF) seeks to achieve the Investment Objective by building a portfolio that offers exposure to real estate loans secured by first mortgages only, predominately located in the Sydney and Melbourne metropolitan areas.

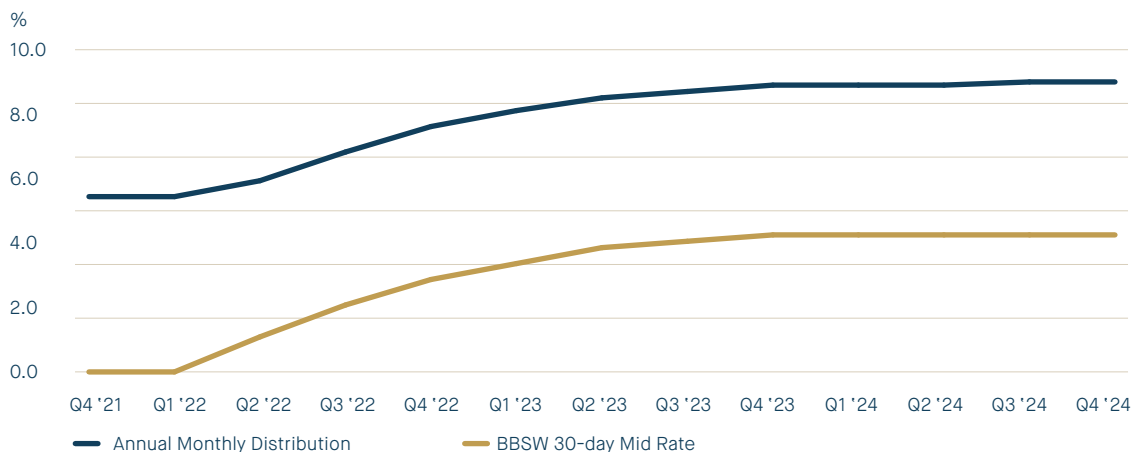
Key Metrics as at 31 December 2024

Issue Limit	150 million units
Total Issue Size	\$70,347,671
Total Loan Investments	\$65,483,272
Total Cash	\$4,864,399
Total Current SPV Investments	13
Weighted Average Portfolio LVR	64.9%
Weighted Average Term to Maturity	4.2
Loans in Arrears > 90 Days	NIL

Fund Performance

	1 Month	3 Months	6 Months	1 Year	Since Inception
Total Return p.a.	9.1%	9.1%	9.1%	9.1%	7.9%
Cents Per Unit	0.77	2.28	4.57	9.08	24.36

Distribution History



Source: Pallas Capital 2024.

NB: In Q3 2022 the Fund converted from a fixed rate to fixed rate margin above BBSW



Pallas Short Term Fund

Performance Update – Q4 2024

Investment Strategy

The Investment Manager continues to deploy the Fund into senior debt opportunities with a focus on metro locations along the Eastern Seaboard. The investment strategy remains unchanged with our focus on clear and achievable exit strategies and sound sponsor counterparties.

2025 is expected to provide continued strong lending conditions, particularly for construction loans as new residential developments commence to take advantage of expected tailwinds resulting from record immigration, record low residential vacancy rates, an expectation of a softening interest rate environment and a stabilisation of building costs.

Investment Activity

As at 31 December 2024, the Pallas Short Term Fund SPV Lender Portfolio was diversified across 13 first mortgages, with the top 10 investments representing 92.0% of the Total Issue Size as follows:

Top 10 Holdings (SPV Lender Portfolio)

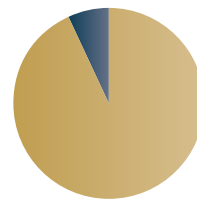
Investment	Amount	LVR	Exposure
Port Melbourne, FM Construction	\$13,065,580	65.0%	18.6%
Double Bay, FM Construction	\$11,121,461	65.0%	15.8%
South Melbourne, FM Construction	\$9,623,589	65.0%	13.7%
Richmond, FM Pre-Development	\$9,110,000	65.0%	13.0%
South Melbourne, FM Pre-Development	\$7,540,000	65.0%	10.7%
Clifton Hill, FM Pre-Development	\$6,825,000	65.0%	9.7%
Richmond, FM Pre-Development	\$3,679,217	65.0%	5.2%
Zetland, FM Pre-Development	\$1,514,500	65.0%	2.2%
Richmond, FM Pre-Development	\$1,170,000	65.0%	1.7%
Richmond, FM Pre-Development	\$1,080,000	65.0%	1.5%
Total	\$64,729,347		92.0%

Pallas Capital remains satisfied with the performance the PSTF portfolio, and in the credit quality and compliance status of the underlying loan investments.

Asset Diversification

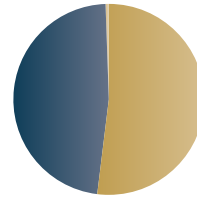
PSTF's Asset Diversification of the total portfolio includes Pool Lenders on a weighted average look through basis.

As at 31 December 2024, the Pallas Short Term Fund portfolio was diversified across Loan Type and Location as follows:



Portfolio Composition

Funds Invested	93.3%
Cash	6.7%



Portfolio Diversification*

Construction	52.2%
Pre-Development	47.3%
Residual Stock	0.5%

*Based on deployed funds only.
Excludes any cash position of Fund.



Pallas Short Term Fund

Performance Update — Q4 2024

About Pallas Capital

Pallas Capital is an institutional debt and equity investment manager specialising in the finance of Australian and New Zealand Commercial Real Estate. The business was established in direct response to the growing lack of credit in the mid-range property market; a situation exacerbated by the absence of reputable, risk-adverse, non-bank lenders.

This has meant that private capital can increasingly access outsized returns relative to risk in an asset class not previously accessible.

With offices in Sydney, Melbourne, Brisbane and Auckland we have originated and managed more than \$7 billion across 979 transactions in the past eight years, with current Funds Under Management in excess of \$2.6 billion. With a flawless track record of capital preservation, Pallas Capital has returned over \$4.4 billion to investors with no loss of principal capital or interest on Pallas investments.

Who can Invest?

Pallas Capital products are only available to wholesale clients (including sophisticated and professional investors) within the meaning of Section 761G of the Corporations Act 2001 (Cth).

Typically, this may be satisfied by an Accountant's Certificate that certifies that the investor has:

- Net Assets in excess of \$2.5 million, or
- Gross Income in excess of \$250,000 p.a. for each of the preceding two financial years.

What Investments are Available?

Pallas Capital offers a range of options for investors seeking to invest beyond traditional asset classes and unlock differentiated opportunities through Australian Commercial Real Estate. These include:

- Diversified pooled first mortgage portfolio investments including the Pallas FM Trust Fixed Rate Bond;
- Bespoke first and second mortgage investments; and
- Preferred equity and ordinary equity investment offerings in real estate development projects.

What is the Investment Term?

Typically, loan participations and preference equity investments are between six months and two years in term. Ordinary equity investments may extend to three years. Diversified Funds, unless otherwise specified, are open-ended in nature.

Do the Investment Products Provide Liquidity or Distributions?

For debt investments, income is paid monthly or quarterly in arrears. For preference equity, income is generally paid quarterly and partly paid on final redemption. Ordinary equity returns are paid upon redemption or completion of the investment.

By virtue of the asset class and the structure of these products, these single asset investments are illiquid in nature and redemptions during the investment term are not possible. Liquidity profiles (redemption mechanisms) vary between the Diversified Fund products; typically ranging from three (3) months' to twelve (12) months' written notice.

Sydney Office (HQ)

Pallas House Sydney, Level 5, 30-36 Bay St
Double Bay NSW 2028

Melbourne Office

Level 1, 67 Palmerston Crescent
South Melbourne VIC 3205

Brisbane Office

The Annex, Level 1, 12 Creek Street
Brisbane, QLD 4000

Auckland Office

Level 7, Suite 7.2, 1 Albert Street,
Auckland 1010

Christchurch Office

Public Trust Building, Level 1, 152 Oxford Terrace
Christchurch 8011

pallascapital.com.au

[linkedin.com/company/pallascapital](https://www.linkedin.com/company/pallascapital)

+61 2 8188 1108

DISCLAIMER: Pallas Capital Pty. Limited (ACN 616 130 913) ("Pallas"), as Authorised Representative No. 001257625 of Pallas Funds Pty. Limited (ACN 604 352 347), the holder of AFS Licence No. 473475. The information contained in this Investor Update Document ("Document"), as prepared by Pallas, is for information purposes only and should be read in that context. The information contained in this Document is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This Document is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this Document nor anything contained in it forms the basis of any contract or commitment. This Document is strictly confidential and is intended for the exclusive benefit of the intended recipient. It may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the express consent of Pallas. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Document. To the maximum extent permitted by law, none of Pallas, its related bodies corporate, shareholders or respective directors, officers, employees, agents or advisors, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence for any loss arising from the use of information contained in this Document. This Document may include "forward-looking statements". Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Pallas and its officers, employees, agents or associates that may cause actual results to differ materially from those expressed or implied in such statement. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Pallas assumes no obligation to update such information. The opinions, advice, recommendations and other information contained in this Document, whether express or implied, are published or made by Pallas, and by its officers and employees in good faith in relation to the facts known to it at the time of preparation. To the maximum extent permitted by law, Pallas will not be liable in any way for any loss or damage suffered by you through use or reliance on this information. You may use this information in this Document for your own personal use, but you must not (without Pallas' consent) alter, reproduce or distribute any part of this publication, transmit it to any other person or incorporate the information into any other document. All amounts are in Australian Dollars unless otherwise specified.



Pallas Short Term Fund

Performance Update – Q4 2024

Compliance Certificate for Quarter Ending 31 December 2024

Commercial in Confidence

To: Unitholders

Investment Memorandum – Pallas Short Term Fund

We refer to the Investment Memorandum dated October 2022 issued by Pallas Capital Pty. Limited (ACN 616 130 913) acting as the Corporate Authorised Representative (ASIC No. 001257625) of Pallas Funds Pty. Limited (ACN 604 352 347) as trustee of the **Pallas Short Term Fund** (Issuer) (Investment Memorandum).

This Compliance Certificate is issued in accordance with the reporting provision set out in Section 3 (Key Terms) of the Investment Memorandum. Terms used in the Investment Memorandum have the same meaning in this certificate.

As at 31 December 2024, the Issuer hereby confirms that:

- a) the Issuer is in compliance with all obligations under the Transaction Documents referred to on page 9 of the Investment Memorandum; and
- b) no event of default under the Transaction Documents is subsisting.

Signed for and on behalf of **Pallas Funds Pty Ltd**
as trustee of the **Pallas Short Term Fund**

Director: Patrick Keenan
Date: 31 January 2025

Director: Dan Gallen
Date: 31 January 2025



**PALLAS
FUNDS**