

THINKTANK COMMERCIAL PROPERTY FINANCE PROFILE

SIZE OF LOAN BOOK	A\$500M EQUIVALENT
MAKEUP OF LOAN BOOK	• COMMERCIAL MORTGAGES: 100%
GEOGRAPHIC DISTRIBUTION OF LOAN BOOK	• AUSTRALIA: 100%
OUTSTANDING DEBT ISSUANCE	• SECURITISATION: A\$313-393M EQUIVALENT • WHOLESALE WAREHOUSE FACILITIES: A\$450M EQUIVALENT

About Thinktank Commercial Property Finance

Thinktank Commercial Property Finance (Thinktank) is an independent nonbank financial institution specialising in the provision of finance to the SME sector secured by first-registered mortgages over commercial properties.

Ownership and capital structure

Established in 2006, Thinktank is privately and wholly Australian owned by a small group of finance professionals with extensive backgrounds in financial services and commercial-property finance. With a keen focus on maintaining the highest standards of corporate governance and compliance, the Thinktank board comprises a mix of the founders of the business and independent nonexecutive directors who contribute further diversity of experience and multisector disciplines to the ongoing growth and direction of the business.

Funding strategy

Thinktank's funding model has been predicated from commencement on the principles of traditional wholesale warehouse funding and term securitisation. The company completed its inaugural securitisation in 2014 and in October 2016 followed up with the launch of a second transaction, for A\$200-280 million.

Looking forward, the company expects to further its status as a repeat term-markets issuer at intervals of 12-18 months while also diversifying its sources of funding through internal and associated party means.

Performance history

Throughout 10 years of operation, the performance of Thinktank's portfolio has been consistent with near-prime RMBS. With 100% clean-credit borrower history, an average loan size of circa A\$500,000, a weighted LVR of less than 65% and fully amortising loans out to 25 years, the characteristics of the book convey a close correlation with prime and near-prime residential lending.

The principal divergence lies with the underlying securities, which comprise a mix of standard office, small industrial, retail

and residential properties all located in metropolitan and major urban areas across Australia.

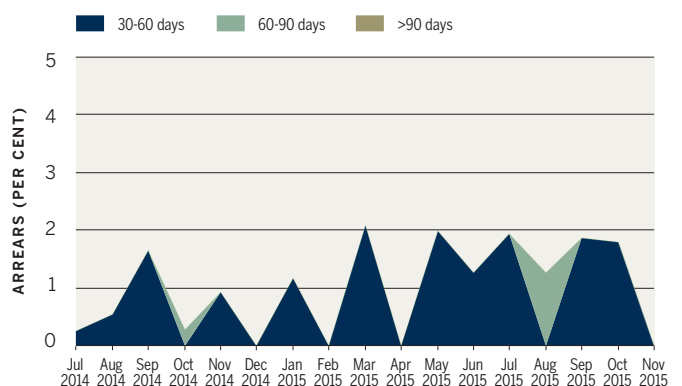
Having now originated nearly A\$1 billion in these small-ticket commercial loans, Thinktank has established an enviable track record of performance with very low arrears and negligible losses. Current 30-day-plus arrears sit at approximately 0.5%.

The background for such performance can be traced directly to the deep and varied experience of the founders of the business. Good discipline and best practice, combined with constructively managing credit and risk through numerous property and economic cycles, has coalesced into a highly professional team that is consistently and closely attuned to the state of the market.

Although Thinktank offers a range of full-doc and alternate-verification loan products, the portfolio is heavily skewed towards the former, at 80%. Growth in the portfolio has been measured and strongly supported by long-term institutional stakeholders. The franchise is now broadening materially with the entry into securitisation markets over recent years.

Growth, however, has by no means been at the expense of credit quality with the weighted-average LVR actually trending lower over the past four years. Now, with the portfolio surpassing A\$500 million, Thinktank has further controlled growth in its sights in capitalising on the quality nature of its relationships at both origination and funding levels. Further growth will continue to be entirely based on adherence to sound credit principles and astute portfolio management.

THINKTANK SERIES 2014-1 CMBS ARREARS PERFORMANCE



SOURCE: THINKTANK COMMERCIAL PROPERTY FINANCE OCTOBER 2016

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