



Creating investment opportunities in Asia

Allianz Asia Private Credit Fund

OCTOBER 2020

Private markets investments are highly illiquid and designed for professional investors pursuing a long-term investment strategy only.

Allianz Asia Private Credit is a middle market lending strategy, focusing on high growth companies in Southeast Asia, South Asia, Oceania and other Asia Pacific jurisdictions. It seeks to provide investors with diversified investment opportunities which have historically been uncorrelated to public markets, aiming to offer attractive risk-adjusted returns with downside mitigation. Allianz Asia Private Credit will be offering investors two distinct strategies with different risk/ return profiles, providing exposure to a market otherwise unavailable.

Why Invest in the Allianz Asia Private Credit Fund?

1 Allianz Asian Private Credit strategy delivers resources, strong credit culture, global expertise and governance standards which a purely local investor may be lacking:

Provider of holistic capital structure capabilities

- Dual strategy of senior secured and direct lending provide full suite of capabilities across capital structure to potential borrowers
- Long-term, highly bespoke and structured funding capabilities tailored specially for the needs of each individual borrower.

Local informed sourcing

- Investment team has over 200 corporate relationships throughout Asia
- Proprietary network of local sourcing partners, including boutique advisors, developers, lawyers, accountants and business managers ensure that we pro-actively identify primary investments.

2 Allianz Asian Private Credit strategy provides access, local connectivity and risk mitigation which a pure global investor does not have:

Experienced local investment team

- Experienced investment team with deep local Asian expertise
- Deep dive due diligence focused on cash flow stress testing, debt sustainability and loss avoidance
- Dedicated legal expertise focused on optimal documentation, enforceability of creditor rights and in-depth knowledge of local bankruptcy laws
- Disciplined monitoring of pre-defined borrower KPIs, ensuring operational and financial performance remains consistent with initial underwriting thesis.

AllianzGI Infrastructure and Governance

- Purpose-built platform for private investing, including robust risk management, operations and compliance
- Trusted investor and advisor with a demonstrated fiduciary mindset.



Investment philosophy

Offer holistic and customized financing opportunities across capital structure to middle market companies in Asia with:

- A history of consistent earnings and cash flow, and potential to grow free cash flow over time
- A leading position in the market, differentiated and diversified products or services
- Strong management team and governance
- Current year EBITDA of US\$ 15-100m

Seeks to deliver investment alpha through proprietary sourcing and in-house structuring capabilities to:

- Borrowers, by providing them with tailor made solutions fitting their needs
- Investors, by seeking to capture attractive spread pick-up over public markets with significant downside mitigation.

Investment objectives

- Growth capital for organic growth initiatives (e.g. capex, last mile development, etc.) and for industry consolidations and buy & build situations
- Re-financings, recapitalizations and strengthening of balance sheets
- Strategic or sponsor-led leveraged buyout and managed buyout
- Ability to co-invest with like-minded investors.

An attractive asset class

Historically attractive risk adjusted returns with the potential of steady cash income at portfolio level with low volatility

Low correlation:

- Returns have historically been uncorrelated to public equity and fixed income markets
- Diversification away from overpriced developed markets
- Proprietary access to diversified set of cash flows.

Diversified portfolio

- The Asian market represents 70 – 75% of Emerging Market opportunities
- Large and diverse investable universe offering an opportunity to invest through the global credit cycle.

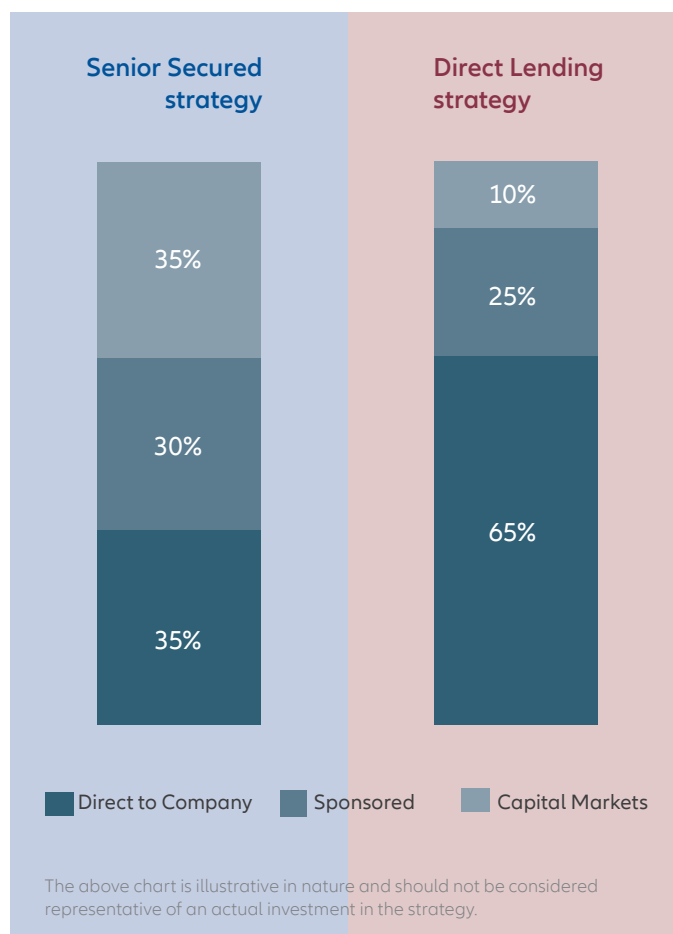
Sector focus

- Consumer driven
- Manufacturing
- Real Estate
- Infrastructure and logistics
- Telecom
- Food and beverages
- Business services
- Healthcare
- Education

Geographic focus

- Southeast Asia (Indonesia, Vietnam, Philippines, Singapore, Malaysia, Thailand)
- South Asia (India etc.)
- Oceania (Australia, New Zealand)
- Others (Hong Kong etc.)

Deal sourcing as a key driver of investment alpha



Investment strategies

1. **Senior Secured strategy:** Complementing bank financing in M&A and other complex situations
2. **Direct Lending strategy:** Bespoke non-dilutive solutions for borrowers as an alternative to Private Equity.

Allianz Asia Senior Secured Fund		Allianz Asia Direct Lending Fund
Primarily first lien, up to 20% second lien	Capital Position	Second lien or mezzanine
Loans, notes and bonds. Loans may be originated or syndicated	Instruments	Loans, notes and bonds. Loans may be originated syndicated
USD (non-USD currencies are to be hedged back to base)	Base Currency	USD (non-USD currencies are to be hedged back to base)
Luxembourg S.A. SICAV RAIF on March 26 2020 (as a compartment of an umbrella Fund)	Fund Type	Luxembourg S.A. SICAV RAIF on March 26 2020 (as a compartment of an umbrella Fund)
3 years investment period, with 7 year life (two 1 year extensions possible)	Fund Term	3 years investment period, with 7 year life (two 1 year extensions possible)
Co-investment between Allianz and third party investors	Co-investment	Co-investment between Allianz and third party investors
9% p.a, gross	Gross Target Return ¹	15% p.a, gross
Unrated	Rating	Unrated
Buy and hold with loan tenor of 4-7 years	Tenor of Investments	Buy and hold with loan tenor of 4-7 years
1.00% p.a.	Management Fee	1.50% p.a.
No performance fees	Performance Fee	20% above a hurdle of 7%p.a. net of fees with full catch-up
USD 10 million	Min. Commitment	USD 10 million
USD 500 million	Target Fund Size	USD 400 million
Semi-Annual; 1 year after the final close, subject to non-reinvestment	Distributions	Semi-Annual; 1 year after the final close, subject to non-reinvestment

The above are target preliminary characteristics of the Allianz Asia Senior Secured strategy and Allianz Asia Direct Lending strategy and are provided for illustrative purposes only. The Investment Manager's process may be changed from time to time at the Investment Manager's discretion. There is no guarantee these characteristics will be attained.

¹ Calculated based on investment team's previous experience with private credit investments in Asia and current market conditions. Actual returns from an investment in the strategy over any given time horizon may vary significantly from the Target Return. Prospective investors must make their own determinations as to the reasonableness of the assumptions and reliability of the Target Return ;

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