

Target Market Determinations – Flexi Commercial Lease Doc

Legal Disclaimer:

This Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). This TMD applies to Brighten Commercial Lease Doc and is a document of Brighten Commercial Pty Ltd ACN 625 549 126 (Brighten). This TMD seeks to give our customers, staff, product distributors, and other interested parties an understanding of the class of consumers for whom the product described has been designed, how the product is distributed, and having regard to the likely needs, objectives and financial situation of that class of customers.

This TMD is not, and should not be construed as, a full summary of the product's features or Terms and Conditions. Nor is it a substitute for the provision of financial advice and does not consider any individual customer's personal needs, objectives or financial situation.

Product	Flexi Commercial Lease Doc (Commercial Landlord Loan)
Issuer	Brighten Commercial Pty Ltd ACN 625 549 126
Date of TMD	Created on 1 November 2024 Last Reviewed on 7 September 2024 Version 20260904
Target Market	<i>Description of target market</i> The target market for these products includes individuals, Australian-registered companies, and trusts, provided that the directors meet the following individual applicant requirements: • Must be an Australian or New Zealand resident; and • Minimum borrower age is 18 years. This product is particularly suited for eligible applicants seeking to utilise lease income from the commercial property as security for servicing the loan, rather than supplementing with other income sources. <i>class of consumers for whom this product, including its key attributes, is likely to be consistent with their likely objectives, financial situation and needs:</i> The product is a Lease Doc commercial loan secured by first registered mortgage over leased investment commercial security (offices, retail shops, industrial warehouses/factories, light industrial and professional/medical suites, in Category 1 or Category 2 postcode locations; specialised securities considered case-by-case), for business/investment purposes not regulated by the National Credit Code. The target market is individuals, Australian-registered companies and trusts (directors meeting the individual requirements) where applicants are aged 18 or over and are Australian or New Zealand residents, and who: • are investors holding rent-producing commercial property and wish to service the loan from the security's lease income alone, evidenced by the current lease agreement; • can demonstrate that the security's lease income covers loan repayments to the interest cover level required under Flexi's credit assessment criteria; • seek a loan from \$100,000 to \$15,000,000 per security (maximum exposure \$15,000,000) at up to 70% LVR, with loans above \$3,000,000 priced on application; and • want a loan term of up to 30 years.

The product suits commercial investors who prefer to evidence serviceability from lease income rather than personal income, and who understand it is a business-purpose facility outside National Credit Code consumer protections.

All customers must satisfy Flexi's credit assessment, serviceability and AML/CTF requirements, and the security offered must meet Flexi's acceptable security and location (postcode category) criteria.

Description of product, including key attributes

Information about the products' specifications is set out below:

- Purpose of the loans is purchase, refinance or equity release of investment commercial property with an ongoing lease;
- Interest rate type is variable;
- Repayment options for both products include either Principal and Interest or Interest Only (max 5 years);
- Repayment frequency is weekly, fortnightly or monthly; and
- Loan term is up to 30 years for both products.

Description of likely objectives, financial situation and needs of customers in the target market

This product is designed for customers who are:

- Seeking to purchase or refinance existing debt or release equity on investment commercial properties;
- Seeking to consolidate debts;
- Choosing a variable rate; or
- Seeking flexibility to make extra repayments and/or making early repayments to their loan.

All customers must satisfy Flexi's credit assessment and AML/CTF requirements.

Classes of customers for whom the product is clearly unsuitable

We will not accept applications from Politically Exposed Persons without approval from compliance, or from applicants located in countries identified by FATF as having AML/CTF deficiencies.

Applicants will not be considered from the following:

- Applicant who is seeking fix interest rates;
- Applicant who is seeking a loan regulated under the NCCP;
- Applicant who doesn't meet credit assessment requirements;
- Applicants who are considered:
 - Minors under any circumstances
 - Companies or company trustees involving disqualified directors
 - Bankrupt (discharged < 2 years ago)
 - Applicants under external administration
 - Public companies
 - Owner Builders
 - Limited Liability Companies
 - Associations
 - Churches
 - Clubs

	<i>Explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of customers in the target market</i> This product is likely to be consistent with the likely objectives, financial situations and needs of the customers within the target market as it is a simple loan construct to understand with variable interest rates only. Repayments may be principal and interest or interest only up to 5 years. To be eligible to qualify for this product, requirements must be met in relation to: • Security; and • Income, which would mean that, without exceptional circumstances, the Borrowers will be able to meet their repayment obligations. Customers will need to also provide sufficient security in accordance with Flexi's credit assessment criteria, including: • Acceptable property mortgage; • General or specific security agreements; and/or • Guarantor who supports the loan by providing additional security. The financial situation of the target market must meet Flexi's credit assessment criteria which includes: • Demonstrating the capacity to make the required repayments and the ability to pay off the loan without substantial hardship; and • Where determined by Flexi to be required, (based on the customer's security, applicant and loan attributes), have an acceptable guarantor. Flexi considers its processes in place, including assessing the customer's ability to service the loan account, will mean that the product will likely be consistent with the financial situation of the target market.
Distribution Conditions	<i>Distribution Channels</i> The Distribution Partners are appropriately licensed as an Australian Credit Licensee, employee of an Australian Credit Licensee Credit Representative, or appropriately regulated, qualified and verified partner specialising in non-code lending required to maintain appropriate professional development training to distribute the product to customers in the target market. The distribution channels and conditions are appropriate because: • Distribution Partners must comply with licensing and legislative requirements to ensure the product provided is in the best interests of each customer. • Flexi monitors application quality received from Distribution Partners, tracking trends that indicate poor practices, incomplete applications, or inadequate assessments. • Internal Distribution Partners have KPIs, monitoring and performance metrics in place and there is oversight regarding poor performing loans, fraud, AML/CTF breaches, and other unacceptable practices. • All external Distribution Partners have an agreement which includes commission or fee clawback clauses for poor performing loans, fraud, AML/CTF breaches, and other unacceptable practices. • We will not accept applications from customers who fall materially outside of the target market for this product. • Flexi also reserves the right in these agreements to terminate Brokers for any reason

	In order to distribute this product to a potential customer within the target market, the customer must not: 1. Fall into a class of customers set out under the above heading, "<i>Classes of customers for whom the product is clearly unsuitable</i>"; or 2. Provide an unacceptable security type. Further eligibility requirements to qualify for this product include: 1. Employment requirements of the target market; and 2. Income requirements of the target market.													
Review Triggers	The review triggers that would reasonably suggest that the TMD is no longer appropriate include the following events and circumstances: • A material change to the product or the terms and conditions of the product. • A significant dealing of the product, as decided by us, to customers outside the target market occurs. • Changes to the regulatory environment or relevant legislation which materially impacts upon the design and distribution of the product. • A material increase in customer complaints about the product or Distribution Partner conduct. • A material increase to default or hardship rates for the product. • A material or unexpected decline in applications from the target market. • A material or unexpected increase of customers seeking to switch to other products. • A notification from a regulator in relation to the distribution of the product. • Any other event or circumstance which reasonably suggests that the TMD is no longer appropriate.													
Review Periods	Periodic reviews: Every 24 months or within 10 business days of a Review Trigger being identified.													
Distribution Information Reporting Requirements	Distribution Partners must provide the following information to Flexi: <table border="1"> <tr> <td></td><td></td><td></td></tr> <tr> <td></td><td>If received, number of complaints received in relation to the product, the nature of the complaint, circumstances giving rise to the complaint and the complaint outcome.</td><td>Every 6 months</td></tr> <tr> <td></td><td>If received, the extent and the nature of the complaints received about a Distribution Partner or from a Distribution Partner, whether external or internal, in relation to the product, the nature of the complaint, circumstances giving rise to the complaint and the complaint outcome and/or about difficulty in selling to the target market</td><td>Every 6 months</td></tr> <tr> <td></td><td>Date or date range of the significant dealing(s) and description of the</td><td>As soon as practicable, and in any event within</td></tr> </table>						If received, number of complaints received in relation to the product, the nature of the complaint, circumstances giving rise to the complaint and the complaint outcome.	Every 6 months		If received, the extent and the nature of the complaints received about a Distribution Partner or from a Distribution Partner, whether external or internal, in relation to the product, the nature of the complaint, circumstances giving rise to the complaint and the complaint outcome and/or about difficulty in selling to the target market	Every 6 months		Date or date range of the significant dealing(s) and description of the	As soon as practicable, and in any event within
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		significant dealing (i.e. why it is not consistent with the TMD)	10 business days after becoming aware.
	Dealings outside of the target market	Date or date range of the dealing(s) outside of the target market (to the extent they are aware of such dealings) and the reason why distribution occurred.	Every 6 months