
PRIVATE CREDIT
INVESTMENTS
AURA.CO.TH

Private Credit Investments

1. Introduction

Private credit represents an area of investment focused on lending arrangements negotiated directly with businesses, institutions and other eligible borrowers outside conventional public bond markets.

It encompasses a range of financing structures designed to meet the capital requirements of companies and projects that may not rely exclusively on traditional bank lending or publicly traded debt instruments.

Aura considers private credit within its broader investment framework as a potential means of participating in privately negotiated financing opportunities and evaluating contractual income streams supported by the financial capacity of borrowers.

As a privately owned, family-controlled international investment company, Aura approaches private credit through the disciplined allocation of its own family-owned

capital. Investment decisions are guided by credit analysis, borrower assessment, financial due diligence, valuation discipline and a careful understanding of the risks associated with lending.

The objective is to identify financing opportunities where the contractual terms, borrower fundamentals, security arrangements and expected returns provide an appropriate relationship between risk and potential income.

Private credit is not assessed solely by the interest rate offered. The quality of the borrower, the purpose of the financing, the ability to service debt and the enforceability of contractual protections are central to the investment decision.

2. Investment Philosophy

Aura's private credit philosophy is based on the principle that lending requires a thorough understanding of the borrower and the economic circumstances supporting repayment.

Unlike equity investments, where returns may depend substantially on the future growth and valuation of a business, private credit generally involves contractual repayment obligations and agreed financing terms.

However, contractual obligations do not eliminate the possibility of default or financial loss.

Aura therefore considers the creditworthiness of the borrower, the sustainability of cash flows, the structure of the financing and the strength of available protections before evaluating the attractiveness of a potential opportunity.

The principal considerations include:

- The financial strength of the borrower.
- The purpose and structure of the financing.
- The borrower's ability to meet interest and principal obligations.
- The quality of collateral, where applicable.
- The enforceability of contractual rights.
- The level of leverage and existing indebtedness.
- The expected duration and liquidity of the investment.
- The relationship between credit risk and expected return.

The philosophy favours careful underwriting, realistic assumptions and contractual clarity over the pursuit of higher yields without sufficient consideration of the underlying risk.

3. Scope of Private Credit Investments

Aura's private credit investment universe may include a range of privately negotiated lending and financing arrangements.

Potential categories include:

- Direct corporate lending.
- Senior secured loans.
- Unitranche financing.
- Subordinated debt.
- Mezzanine financing.
- Asset-backed lending.
- Receivables financing.
- Equipment financing.

- Real estate-backed lending.
- Infrastructure-related debt.
- Acquisition financing.
- Growth capital financing.
- Special situations credit.
- Structured private debt.

Each category has different characteristics concerning seniority, security, repayment priority, contractual protections and exposure to potential loss.

Aura evaluates each opportunity individually, taking into account its legal structure, financial characteristics and consistency with the broader investment framework.

The inclusion of an investment category within this universe does not imply that Aura currently holds investments in that category.

4. Direct Corporate Lending

Direct corporate lending involves providing financing to a business through a privately negotiated loan agreement.

Such financing may support working capital, capital expenditure, business expansion, refinancing, acquisitions or other legitimate corporate requirements.

Aura may consider direct lending opportunities where the borrower demonstrates an appropriate financial position, credible operating performance and a reasonable capacity to service and repay the proposed debt.

The assessment may include:

- The borrower's operating history.
- Revenue and earnings quality.
- Cash-flow generation.
- Existing debt obligations.
- Financial leverage.
- Liquidity position.
- Business model sustainability.
- Management quality.
- Industry conditions.
- Proposed loan terms.

The purpose of the financing is also important. Capital used to support productive investment or well-defined business requirements may present a different risk profile from borrowing intended primarily to cover persistent operating weaknesses.

Aura considers whether the proposed financing structure is appropriate for the borrower's actual financial circumstances.

5. Senior Secured Lending

Senior secured lending generally involves debt that ranks ahead of subordinated obligations and is supported by specified collateral or security interests.

The security arrangement may provide additional contractual protection in the event of borrower default, subject to the legal validity, priority and enforceability of the relevant rights.

Potential collateral may include:

- Commercial real estate.
- Equipment and machinery.
- Eligible receivables.

- Inventory.
- Certain financial assets.
- Shares or ownership interests.
- Other identifiable assets.

Aura considers the quality, valuation, liquidity and legal status of proposed collateral.

The assessment also examines existing security interests, competing creditor claims, asset restrictions and the practical process required to enforce security.

Collateral should be viewed as one component of credit protection rather than a substitute for borrower creditworthiness.

The primary objective remains to identify borrowers capable of meeting their obligations through sustainable financial performance.

6. Subordinated and Mezzanine Debt

Subordinated debt ranks behind senior obligations in the repayment hierarchy.

Mezzanine financing may combine characteristics of debt and equity, potentially including contractual interest payments and equity-linked features.

These structures may be used by businesses seeking additional financing beyond conventional senior lending.

Because subordinated lenders generally face greater exposure to losses than senior creditors, the investment assessment requires careful consideration of the borrower's capital structure and the amount of debt ranking ahead of the proposed investment.

Aura may evaluate such opportunities where the expected return appropriately reflects the additional risk.

Important considerations include:

- Senior debt obligations.
- Total financial leverage.
- Cash-flow coverage.
- Subordination terms.
- Payment-in-kind interest provisions.
- Maturity and repayment structure.

- Equity participation rights, where relevant.
- Default provisions.
- Recovery prospects.

The investment rationale should remain supported by a credible repayment or realisation pathway rather than depending entirely on future equity appreciation.

7. Asset-Backed and Collateral-Based Financing

Asset-backed lending involves financing supported by identifiable assets or asset-related cash flows.

Depending on the structure, repayment may be supported by receivables, equipment, inventory, property or other eligible collateral.

Aura considers the quality of the underlying assets and the relationship between their value and the financing amount.

The analysis may examine:

- Asset ownership and legal title.
- Independent valuation.

- Asset liquidity.
- Existing encumbrances.
- Depreciation and obsolescence.
- Insurance coverage.
- Maintenance requirements.
- Asset monitoring.
- Recovery and enforcement procedures.

The quality of collateral can vary considerably depending on the asset type and market conditions.

A stated collateral value should not automatically be treated as the amount recoverable in a default scenario. Valuation discounts, enforcement costs, legal delays and market liquidity must be considered.

8. Real Estate-Related Private Credit

Real estate-related private credit may involve financing secured against commercial, residential, industrial or other property assets.

Such arrangements may support property acquisition, development, refinancing, construction or the improvement of existing assets.

Aura may consider real estate-backed lending opportunities where the underlying property, borrower and financing structure demonstrate an appropriate risk profile.

The assessment may include:

- Property valuation.
- Location and market conditions.
- Existing occupancy and rental income.
- Development and construction status.
- Borrower financial capacity.
- Loan-to-value ratio.
- Priority of security.
- Planning and regulatory approvals.
- Completion and refinancing risks.

For development financing, additional attention may be given to construction costs, contractor performance, project

timelines, permitting and the reliability of projected sales or rental income.

The value of the underlying property is only one component of the credit assessment. The borrower's capacity to complete the project and meet the financing obligations remains essential.

9. Infrastructure and Project-Related Credit

Private credit may also be considered in connection with infrastructure and other long-term projects.

Financing may support the development, expansion, modernisation or refinancing of assets such as transportation networks, utilities, energy facilities, communications infrastructure and other essential services.

These opportunities can involve complex financing structures and extended investment periods.

Aura may evaluate project-related credit according to:

- Project feasibility.
- Construction and completion risk.

- Contractual revenue arrangements.
- Expected operating cash flows.
- Regulatory approvals.
- Concession and licence terms.
- Sponsor financial strength.
- Debt-service capacity.
- Security and creditor rights.
- Refinancing requirements.

Project financing requires an understanding of the relationship between construction obligations, operating performance and the repayment schedule.

The investment assessment should account for the possibility of delays, cost overruns, lower-than-expected utilisation and changes in regulatory or market conditions.

10. Borrower Credit Assessment

Borrower assessment is central to private credit investment.

Aura evaluates whether the borrower has the financial capacity, operational resilience and management discipline necessary to fulfil its contractual obligations.

The assessment may consider:

Financial position: Balance-sheet strength, liquidity, debt levels and financial flexibility.

Cash-flow generation: The stability, predictability and adequacy of operating cash flows.

Debt-service capacity: The ability to meet interest payments and principal repayments from available resources.

Business quality: The sustainability of the business model and its competitive position.

Management capability: The experience, integrity and financial discipline of the leadership team.

Industry exposure: Sensitivity to economic cycles, market demand, commodity prices and regulatory developments.

Existing creditors: The nature and priority of existing debt obligations.

Repayment capacity: The credibility of the proposed repayment source and maturity structure.

The objective is to establish whether the proposed borrower can reasonably service and repay the financing under both expected and less favourable operating conditions.

11. Credit Underwriting and Due Diligence

Credit underwriting involves evaluating the borrower's financial circumstances, the purpose of the loan and the contractual structure of the proposed financing.

Aura's approach may involve a structured review of financial, commercial, legal and operational information.

Potential areas of due diligence include:

- Audited financial statements.
- Management accounts.
- Historical cash flows.
- Financial projections.
- Existing loan agreements.

- Debt maturity schedules.
- Tax and legal obligations.
- Corporate ownership records.
- Asset valuations.
- Security documentation.
- Material commercial contracts.
- Regulatory compliance.
- Litigation and contingent liabilities.

Where appropriate, independent legal, financial, technical and valuation expertise may be considered.

The depth of the review depends on the size, complexity and risk characteristics of the proposed financing.

The purpose is to identify material weaknesses, verify key assumptions and establish a sufficiently informed basis for a credit decision.

12. Credit Structuring and Loan Documentation

The structure of a private credit investment determines the contractual relationship between the lender and borrower.

Appropriate loan documentation should clearly establish the rights, obligations and protections of the parties.

Depending on the financing arrangement, documentation may address:

- Principal amount.
- Interest rate and payment dates.
- Maturity date.
- Repayment schedule.
- Security and collateral.
- Financial covenants.
- Reporting obligations.
- Permitted indebtedness.
- Restrictions on asset disposals.
- Events of default.
- Acceleration rights.
- Enforcement procedures.

- Prepayment provisions.
- Governing law and dispute resolution.

The structure should reflect the borrower's financial position and the specific risks associated with the financing.

Aura recognises that legal documentation and enforceability are fundamental components of private credit protection.

A well-structured loan should provide clear contractual rights and an appropriate framework for addressing deterioration in the borrower's financial condition.

13. Interest Income and Return Structure

Private credit investments generally seek to generate contractual income through interest payments and, where applicable, other negotiated financing fees.

The return structure may include:

- Fixed interest rates.
- Floating interest rates.
- Arrangement fees.

- Commitment fees.
- Exit fees.
- Prepayment fees.
- Payment-in-kind interest.
- Other contractually agreed components.

The attractiveness of a financing opportunity should be evaluated on a net and risk-adjusted basis.

A higher contractual interest rate may reflect greater borrower risk, weaker collateral, longer duration, lower liquidity or more complex financing conditions.

Aura therefore considers the expected income in relation to default probability, potential recovery, transaction costs, servicing requirements and the time value of capital.

Contractual yield should not be confused with guaranteed investment return.

14. Covenants and Creditor Protections

Loan covenants are contractual provisions designed to establish financial and operational conditions that borrowers must observe during the financing period.

They may provide lenders with information and protections intended to identify deterioration in credit quality before a payment default occurs.

Potential covenant provisions include:

Financial covenants: Requirements relating to leverage, interest coverage, liquidity or debt-service capacity.

Negative covenants: Restrictions on specified actions, such as additional borrowing, asset disposals or distributions.

Affirmative covenants: Obligations to maintain insurance, provide information or comply with agreed requirements.

Reporting covenants: Requirements for periodic financial statements, management information and other relevant disclosures.

Ownership and control provisions: Restrictions or consent requirements relating to material changes in ownership or control.

The effectiveness of covenants depends on their drafting, monitoring and enforceability.

Aura considers whether the protections are appropriate for the borrower, the financing structure and the risks identified during underwriting.

15. Credit Valuation and Pricing Discipline

Private credit valuation requires an assessment of the expected contractual cash flows and the risks associated with receiving them.

Aura evaluates financing opportunities through a combination of credit analysis, market comparisons and risk-adjusted financial modelling.

Relevant considerations may include:

- Contractual interest income.
- Borrower credit quality.
- Default probability.
- Expected recovery.
- Collateral valuation.

- Loan maturity.
- Liquidity characteristics.
- Market interest rates.
- Transaction costs.
- Legal and enforcement expenses.

The pricing of a loan should reflect the overall risk profile rather than relying on headline interest rates alone.

For loans with complex structures, valuation may also require consideration of prepayment options, floating-rate terms, payment-in-kind components and other contractual features.

Aura seeks to maintain discipline between expected compensation and the possibility of delayed payment, restructuring or capital loss.

16. Portfolio Construction and Credit Diversification

Private credit investments may create exposures to individual borrowers, industries, geographic markets, collateral categories and financing structures.

Aura considers diversification as part of the broader capital allocation process.

Potential dimensions of diversification include:

- Borrower concentration.
- Industry exposure.
- Geographic exposure.
- Seniority within capital structures.
- Collateral type.
- Loan maturity.
- Fixed and floating interest exposure.
- Secured and unsecured financing.
- Currency denomination.
- Borrower credit quality.

Diversification cannot eliminate the possibility of losses, particularly when borrowers are exposed to similar economic or financial conditions.

Portfolio analysis therefore considers both individual borrower risks and broader correlations that may emerge during periods of economic stress.

The appropriate allocation depends on the characteristics of the opportunities and the overall requirements of family-owned capital.

17. Monitoring and Credit Surveillance

Private credit requires ongoing monitoring throughout the life of the financing arrangement.

The financial condition of a borrower may change after the original credit assessment because of operational difficulties, market developments, rising costs or changes in financing conditions.

Aura may consider periodic monitoring of:

- Financial statements.
- Cash-flow performance.
- Debt-service coverage.
- Liquidity.

- Financial covenant compliance.
- Changes in leverage.
- Management developments.
- Business performance.
- Collateral values.
- Material legal or regulatory events.

Where appropriate, monitoring may also include borrower reporting, lender discussions and independent asset or business reviews.

The objective is to identify deterioration in credit quality early enough to evaluate available contractual options and potential protective measures.

18. Restructuring and Recovery Considerations

A borrower may experience financial difficulties that prevent it from meeting its original contractual obligations.

In such circumstances, the appropriate response depends on the financial position of the borrower, the available

collateral, the creditor structure and the prospects for restoring sustainable operations.

Potential approaches may include:

- Loan amendments.
- Maturity extensions.
- Revised repayment schedules.
- Additional collateral arrangements.
- Debt restructuring.
- Negotiated settlements.
- Enforcement of security.
- Insolvency-related recovery procedures.

Aura considers restructuring and recovery matters according to the legal rights available and the economic interests of the investment.

A restructuring may preserve more value than immediate enforcement in certain circumstances. In other situations, enforcement or other recovery measures may be more appropriate.

Recovery estimates should account for legal expenses, enforcement delays, asset depreciation, competing creditor claims and the possibility that collateral proceeds may be insufficient to repay the outstanding balance.

19. Risk Management

Private credit involves risks that require careful assessment and ongoing oversight.

Aura considers the following principal risk categories.

Credit risk: The borrower may fail to meet interest or principal obligations.

Default risk: Financial or operational deterioration may result in non-payment or contractual default.

Recovery risk: Available collateral and other recovery sources may be insufficient to cover outstanding exposure.

Liquidity risk: Private loans may be difficult to sell or transfer before maturity.

Interest-rate risk: Changes in market rates may affect the value and relative attractiveness of financing arrangements.

Refinancing risk: A borrower may be unable to obtain new financing when existing obligations mature.

Concentration risk: Excessive exposure to a single borrower, industry or economic sector may increase potential losses.

Collateral risk: Asset values may decline, ownership may be disputed or security may prove difficult to enforce.

Legal risk: Documentation weaknesses, disputes or jurisdictional complications may affect creditor rights.

Operational risk: Inadequate reporting, servicing arrangements or internal controls may impair investment oversight.

Macroeconomic risk: Recessions, inflation, currency movements and financial-market disruptions may weaken borrower performance.

Valuation risk: Limited market transactions may make the estimated value of a private loan uncertain.

Risk management seeks to understand these exposures and ensure that expected returns are considered in relation to the possibility of delayed payments or loss of capital.

20. Regulatory, Legal and Jurisdictional Considerations

Private lending arrangements may be subject to different legal and regulatory requirements depending on the borrower, lender, financing purpose and jurisdiction.

Aura considers the legal framework governing each potential investment before committing capital.

Relevant matters may include:

- Lending and financing regulations.
- Corporate borrowing authority.
- Security registration requirements.
- Insolvency and creditor-priority rules.
- Cross-border lending restrictions.
- Currency and exchange-control requirements.
- Tax treatment.
- Anti-money-laundering obligations.
- Sanctions compliance.

- Contract enforceability.
- Dispute resolution procedures.

Cross-border transactions may involve additional complexity because creditor rights and enforcement procedures can differ substantially between jurisdictions.

Appropriate legal review is therefore an important component of the investment assessment.

21. Responsible Lending and Investment Conduct

Aura recognises that responsible lending involves more than evaluating the financial attractiveness of a loan.

The financing arrangement should be supported by a clear commercial purpose, appropriate documentation and an understanding of the borrower's capacity to meet its obligations.

Where material, the assessment may consider:

- The legitimate purpose of financing.
- Borrower transparency.
- Fair and clearly defined contractual terms.

- Applicable legal and regulatory requirements.
- Environmental and social considerations.
- Responsible treatment of stakeholders.
- The potential consequences of financial distress.

The objective is to evaluate credit opportunities through sound financial judgement and responsible investment practices.

22. The Role of Private Credit Within Family-Owned Capital

Private credit may contribute to the broader investment framework by providing exposure to contractual income streams and privately negotiated financing opportunities.

Its characteristics differ from those of public equities, conventional bonds, direct corporate ownership and real asset investments.

Private credit may offer negotiated terms and specific creditor protections, but it can also involve limited liquidity, borrower concentration and complex enforcement requirements.

Aura considers private credit in relation to the wider allocation of family-owned capital, taking into account liquidity needs, investment duration, risk distribution and the availability of alternative opportunities.

The appropriate allocation is determined by the characteristics of each financing opportunity and its contribution to the broader investment framework.

Capital preservation, income sustainability and careful credit underwriting remain central considerations.

23. Investment Principles

Aura's private credit investment philosophy is guided by the following principles:

Credit quality: Prioritising a thorough understanding of the borrower's financial capacity and repayment prospects.

Underwriting discipline: Evaluating financial information, business fundamentals and material risks before committing capital.

Structural protection: Considering appropriate security, covenants and contractual creditor rights.

Risk-adjusted returns: Assessing expected income in relation to default, recovery, liquidity and other investment risks.

Valuation discipline: Avoiding the assumption that higher contractual yields automatically represent better investment opportunities.

Ongoing monitoring: Reviewing borrower performance and material changes in credit quality.

Legal certainty: Considering enforceability, creditor priority and jurisdictional requirements.

Capital preservation: Allocating family-owned capital with an emphasis on financial resilience and prudent risk management.

These principles provide a consistent foundation for assessing private lending and financing opportunities.

24. Conclusion

Private credit represents a specialised area of investment that requires a detailed understanding of borrowers, financing structures, contractual rights and the financial conditions supporting repayment.

Its potential to generate contractual income must always be evaluated alongside credit risk, liquidity constraints, collateral quality and the possibility of capital loss.

Aura approaches private credit through a disciplined investment process that places importance on borrower assessment, financial due diligence, appropriate loan structuring and ongoing risk oversight.

As a privately owned, family-controlled international investment company, Aura evaluates these opportunities through the allocation of its own family-owned capital.

The emphasis remains on understanding the economic substance of each financing arrangement, maintaining appropriate credit discipline and considering opportunities that may contribute to sustainable income and the long-term preservation of family-owned capital.