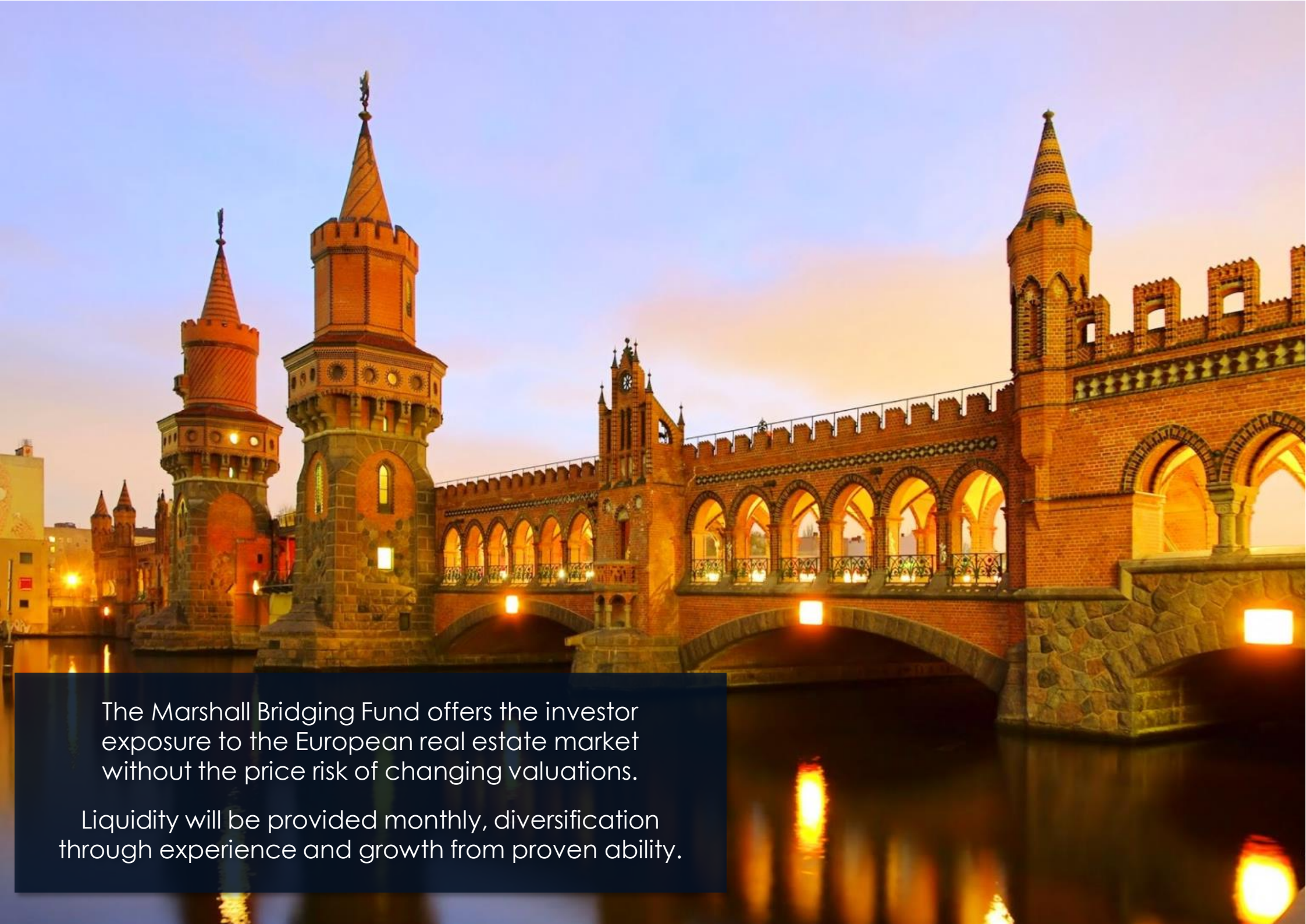




MARSHALLBRIDGE

Bridging the gap in real estate finance.

A specialised real asset backed bridge financing fund targeting 10%+ annual net returns managed by proven European property experts.



The Marshall Bridging Fund offers the investor exposure to the European real estate market without the price risk of changing valuations.

Liquidity will be provided monthly, diversification through experience and growth from proven ability.



## WHAT IS REAL ESTATE BRIDGE FINANCING?

Bridge loans are applied to commercial or residential purchases allowing for swift execution on property deals or to take advantage of short-term opportunities in order to secure long-term financing.

**Bridge loans are typically paid back when the property is sold, refinanced with a traditional lender, improved or completed, or a specific change that allows for a subsequent round of mortgage financing to occur.**

### **Main features:**

- ◉ Typically have a higher interest rate.
- ◉ Lenders may require cross-collateralization and a lower LTV ratio.
- ◉ Normally short-term, 3 to 12 months.
- ◉ More profitable.

Bridge is a well-established funding tool that allows property entrepreneurs to seize real estate opportunities





## WHAT IS THE OPPORTUNITY?

This highly lucrative market stems from an increase in demand for financing in prime European property markets while banks are reducing their exposure to this sector.

**Since bridge and mezzanine facilities are no longer available from traditional sources, this supply shortfall can be exploited:**

Risk adjusted returns offered by debt funds are proving to be an attractive alternative to traditional investments

- ⦿ **Lack of supply creates:**
  - ⦿ Higher yields for investors.
  - ⦿ Bridge and Mezzanine investors, will be able to have safer LTV's reducing risk.
  - ⦿ Increased valuation transparency.
- ⦿ **Higher demand for capital will improve:**
  - ⦿ Risk/return profile.
  - ⦿ Access to deals which used to be bank-based.
  - ⦿ Quality pipeline of deals.





## BENEFITS FOR THE INVESTOR

The Marshall Bridging Fund will exploit short to medium-term bridging and mezzanine funding opportunities secured against prime European real estate .

**The Fund's expert advisory team of real estate insiders will offer investors key benefits:**

The Fund offers investor exposure to real estate markets, whilst removing the price risk associated with fluctuating property values.

- ⦿ Anticipates returns in the region of 10-12%
- ⦿ Low correlation to stock markets.
- ⦿ Predictable returns with low volatility.
- ⦿ Access to asset class previously reserved for institutional investors.
- ⦿ Monthly liquidity.
- ⦿ Experienced risk management process enhanced by asset backed security and diversification.





## FUND KEY FEATURES

The Marshall Bridging Fund (MBF) is designed to generate returns irrespective of market condition through opportunistic financing and expert asset management of prime commercial and residential real estate.

**The Fund's experienced Managers possess on-the-ground real estate knowledge and skills frequently utilized by many large institutional property managers.**

- ⦿ The Fund offers investors rare opportunity to invest in a growth market coupled with underlying security held on the real estate assets at sub 100% loan to value
- ⦿ Targeted return of 10%+ per annum.
- ⦿ Typical investment period: A minimum of 3 months up to a maximum of 24 month terms to maturity.

The Fund offers investors an exposure to lucrative European real estate markets without the risk of bricks and mortar ownership and with the benefit of the experience of industry insiders.





ABOUT THE FUND

marshalls



## LENDING WITH A PROPERTY FOCUS

The Fund lends into a diversified portfolio of European real estate properties in strategic and proven locations to ensure sustainable valuations.

**Commercial and residential property to be included as this opens up a wider scope of development financing opportunities. Diversified real estate market segments targeted by the Fund.**

**The Fund will provide financing to professional and established real estate investors and developers with a proven track record only.**

- ◉ The Fund will secure a legal charge over the real estate asset whilst still accessing high yield opportunities.
- ◉ The funds management is a combination of highly experienced structured real estate finance and real estate knowledge which combined offer a rare combination of in house analysis.
- ◉ Finely tuned transaction structure with complete due diligence procedures in place.

Our lending policy and approach embeds diversification, thus mitigating risk by allocating to key proven real estate segments in addition to the inherent strength of the targeted geographic regions.







## THE OPPORTUNITY

The Fund can exploit a long-term opportunity by lending to real estate market participants, currently restricted by lending conditions on finance in many EU countries.

**This opportunity provides the fund investors with an excellent opportunity to finance prime and secure value add real estate opportunities such as situations that require refurbishment or partial or 100% change of planning use.**

The risk adjusted returns offered by debt funds, may provide an attractive alternative to equity investments for investors that are looking for stable returns from their real estate portfolios

- ⦿ Finance off market distressed acquisitions that main lenders will provide long term senior finance, however the purchase requires a swift closure to secure the asset at sub market values.
- ⦿ Established real estate companies seeking short-term finance to reposition or leverage existing assets.
- ⦿ The Fund allows investors to enter the core real estate market harnessing the asset as collateral to earn an expected double digit annual yield.





## THE CASE FOR BRIDGE FINANCING

Today's bridge and mezzanine market is more profitable and safer than during the previous decade

### Less supply of capital from traditional providers: Banks.

- ⦿ Banks have pulled out from or reduced their exposure to the property sector, specially for loans below 20M
- ⦿ The traditional LTV's are much lower, only giving Loans of 50-60% LTV, but generally lower.
- ⦿ Basel III requirements on capital to banks will make traditional loans more expensive

### Major demand of loans due to:

- ⦿ Many loans are coming due and will need refinancing from banks, who will unlikely provide
- ⦿ Traditional bridge and mezzanine investing is not available from traditional sources

Higher demand for and lower supply of financing

Higher expected yields than for the 2003-2007 period with more secure collateral

### Higher demand for capital will improve:

- ⦿ Return/risk profile for our fund
- ⦿ Easier access to deals which used to be bank based

### Such lack of supply will produce:

- ⦿ Higher **real** yields for investors
- ⦿ Bridge and Mezzanine investors, will be able to have safer LTV's, increasing thus the safety of their collateral
- ⦿ New players will enter the market, like non banking entities, who will provide for the needed capital and more flexibility to creditors

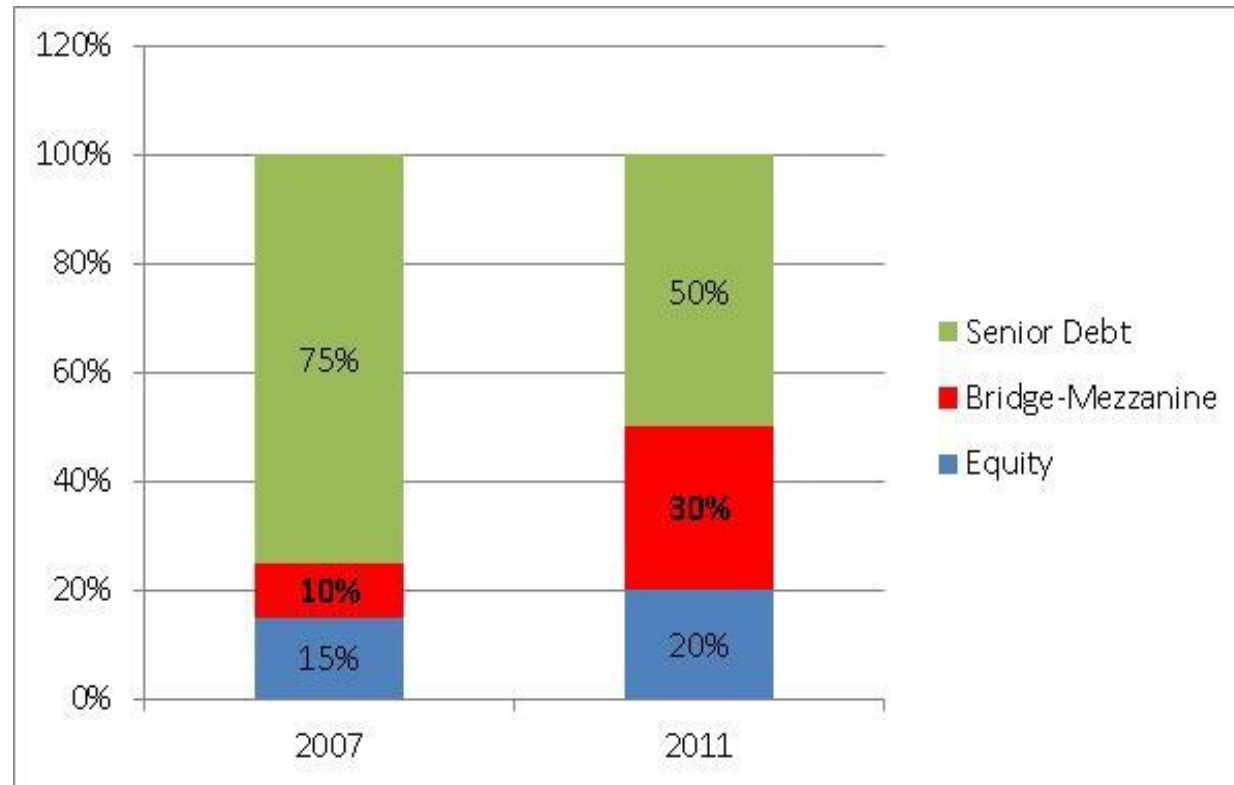




## THE CASE FOR BRIDGE FINANCING

Bridge and mezzanine are normally secured by a second lien and sometimes first. Current lending position has improved, being safer due:

- ⦿ Senior loans are currently given with smaller LTV's, giving bridge and mezzanine a bigger portion of the loan to finance.
- ⦿ Such bigger portion, also brings additional guarantees, because a bigger portion of the equity will help cover the bridge or mezzanine loan.
- ⦿ Finally, such change in LTV's by senior loans, gives an increased value added to bridge and mezzanine financing, providing for additional Alpha to investors.
- ⦿ Real estate valuations are now lower, than in 2007, providing additional safety on the collateral.



Source: JP Morgan private bank






## THE ADVANTAGE OF PROPERTY AS COLLATERAL

The fund will lend with safe LTVs to a diversified European portfolio of real estate developments in strategic and proven locations to ensure sustainability.

Lending policy and approach embeds diversification, thus mitigating risk by allocating to key proven sectors

- Target a number of real estate markets.
- Properties in key areas with sustainable valuations mitigating downside risk.
- Provide financing to both private and corporate developers.
- Only use accurate valuations and lending practices.
- Aim to take “first charge” where possible to ensure investors are protected, whilst still accessing high yield opportunities.



An overhead view of four business professionals in a meeting. They are seated around a white circular table. A man in a light blue suit is looking at a laptop. A man in a white shirt and glasses is looking at a document with a bar chart. A woman in a white shirt is writing in a notebook. A woman in a dark suit is looking at a document. There is a cup of coffee on the table. The background is a dark grey floor.

In the world of real estate, people, networks and experience are everything, providing us with a privileged visibility on opportunities.

Marshall Bridging Fund is a vector for outstanding real estate talent that we share with our investors.



## PRIME REAL ESTATE STRATEGIST

Marshall Hutton are London and German real estate specialists, whose clients include: Threadneedle, Legal & General, Aberdeen Asset Management (prev. Scottish Widows), Royal London, AXA and Hermes.

**Marshall Hutton has direct access to deal flow and 21 years of direct involvement, allows for an unparalleled access to some industry players, where the relationship allows the fund to capture the full value of the deals**

- ⦿ Stable team within a 20-year partnership.
- ⦿ Long experience with London and German planners, providing the team with visibility on projects that would benefit from change of use or development, and which can win planning consent as well as the expertise in shaping proposals with high approval probability.
- ⦿ Advised on over 500 mill Euros of property related advisory in last 12 months.
- ⦿ Direct access to deal flows allows the fund to increase returns, and have better knowledge of deals and management of future pipeline
- ⦿ Advisor has access not only to deal providers but also to exit partners looking for properties to purchase.

Our added value is our deep and proven hands on experience in the property markets and segments we target.





## PRIME REAL ESTATE STRATEGIST

The advisor's direct access to deal flow will maximize the extraction of value added for our investors

### THE MARSHALL HUTTON DIRECTORS

#### **Daniel Hutton AIBA:**

Has over 24 years experience of advising clients, advising and disposing of property assets in central London and extensive trading in CRE and Residential assets in Germany.

He has an extensive knowledge of property financing, the London occupational and capital markets of Germany.

#### **Richard Marshall-Greaves:**

Has over 27 years experience in advising clients in acquiring and disposing of property assets in the South East, principally central London.

Has represented clients in all aspects of the industry, including Investment acquisition and disposal, leasing of offices, retail and hotels. Development appraisal of office, residential and retail schemes and managed development delivery teams.



The Fund Real Estate Strategists are leveraging their extensive property expertise to ensure transparent risk management by adding robust diversification parameters.







## INVESTMENT COMMITTEE ADVISOR (ICA) GERMANY

The GP relies on an investment committee which provides additional value to the fund, by executing the credit due diligence presented for proposed investments.

The Investment committee will receive from the Prime Real Estate Strategist, a description of each deal and the Investment committee will provide to the General Partner a report on the appropriateness and risk compliance on each deal.

The General Partner's  
Investment  
Committee has  
locally based Know-  
how regarding the  
local markets.

### **Druces LLC**

Christopher Axford is currently Partner in the Corporate Department of Druces, providing to the General Partner with advice on both the UK and Germany

### **LINDENPARTNERS**

Dr. Martin J. Beckmann, Partner of Lindenpartners, center his know-how in company financing and restructuring, and corporate law, where they are one of the top law firms in Germany.

*\* Concorde Capital Partners is an independent capital advisory company focused on commercial real estate debt in Europe.*





## INVESTMENT COMMITTEE ADVISOR (ICA) UK

The Investment committee will receive from the Prime Real Estate Strategist in the UK a description of each deal and the Investment committee will provide to the General Partner a report on the appropriateness and risk compliance on each deal

The Investment Committee provides a second layer of value added to the Fund in the execution of the transactions.

The UK the Investment Committee uses 2 firms in order to gather such know-how, being Druces for the smaller sized loans and Concorde for bigger sizes.

- Concorde Capital Partners is an independent capital advisory company focused on commercial real estate debt in Europe, mainly UK, founded and managed by Hugo Headicar.
- Druces LLC, legal advisory firm with expertise in the mid market of Bridge Loans in the UK and Germany.





## INVESTMENT COMMITTEE ADVISOR (ICA)

### CONCORDE CAPITAL PARTNERS

**Hugo Headicar** is currently at Concorde Capital Limited, London, Founder & Managing Director since July 2014.

Previously: Co-Founder and Managing Director at Rhino Investment Management LLP (FCA-regulated) independent investment manager established in 2010 to provide specialised investment management and advisory services to investors in the UK & German commercial real estate debt markets.

Previously Mr. Headicar was employed from 2008 until 2011 at SG Corporate & Investment Banking, London, as UK Director for Real Estate Debt Syndication & Sales. He was also responsible for commercial real estate debt syndication and sales within Germany.

CMBS Group (2005-2008): Reviewed credit applications and prepared the risk documentation in support of each underwriting

Commerzbank Securities in London, UK & Frankfurt

Experience: credit structure appraisal, real estate structured finance, etc.

**Jonathan Percy** is Legal Counsel of Concorde since July 2014.

With extensive general advisory and transactional experience on advising clients working in regulated industries such as financial services.

July 2013 to date: Legal Edge Consultant General Counsel where he has an ongoing role as the in-house lawyer to various UK businesses including a London based private wealth and asset manager.

2007-2012: Norton Rose Fulbright LLP Associate from 2009 until 2012.

\* **Concorde Capital Partners** is an independent capital advisory company focused on commercial real estate debt in Europe.

The General Partner's Investment Committee provides an additional layer of value and risk management to the fund by executing the credit due diligence on investments proposed by the Fund Advisors.



German cities present us with a growing pool of lucrative bridge financing opportunities. The Fund Advisors can apply the same level of expertise, knowledge and professionalism here to extract value from these markets.





## FUND DIVERSIFICATION STRATEGY

We have proven know-how in our target markets, bringing our extensive experience of key access to market niches.

Diverse contacts and track record allow investors to gain exposure to an efficiently managed asset class

The Advisor has experience in key market niches:

- Residential, Commercial, Land Development
- Change of use projects (Commercial to residential, etc.)
- Hotels and Opportunistic

The Advisor possesses know-how in several markets, but will invest initially mainly in the UK and German market.

Second stage, we will move to other countries where opportunities will arise with our local partners.

### Diversified Bridging Investment Fund

This know-how will allow the fund to:

- **Diversify by cities**
- **Diversify by opportunities:** Commercial, residential, opportunistic, refurbishing,
- **Diversify by countries:** We will allocate capital to:
  - Countries where we have local partners with direct access to flow
  - Select countries, cities and opportunities, to improve fund return/risk profile





## RETURN PROFILE

- ⦿ Forecast return of 10%+ per annum.
- ⦿ Fund returns are asset backed with properties in key locations.
- ⦿ Chosen properties have low depreciation risk. Solid collateral for investors.
- ⦿ Loans accrued on individual properties, rather than aggregated across whole portfolio to reduce risk. Managers will not cross-collateralise debt.
- ⦿ Portfolio with stable, predictable returns and low volatility anticipated.
- ⦿ No black box: investors know what, where and to whom they lend.

The MBF portfolio offers stable and predictable returns as well as a low anticipated volatility.

## FUND STRUCTURE

**Open-ended Luxembourg SICAV SIF, offered by Emerald Management Sàrl, the Fund's General Partner, focusing on alternative and innovative value added asset classes. Key features are:**

- ⦿ Sterling-denominated fund with Euro share class if required.
- ⦿ Accessible to Life Insurance platforms.
- ⦿ No inherent legacy real estate issues.





GENERATING ABSOLUTE RETURNS



## TYPICAL LENDING STUDIES

**Examples of how asset values and yields can be enhanced through short term financing:**

Properties bought where asset values and yields can be enhanced by:

**Change of use**

**Refurbishment**

**Development**

**Equity injection**

**Lease renegotiation**

**Hands-on project delivery**

**Underlying knowledge of asset values and project costs**

### **Change of use**

German borrower bought former nursing home, for conversion to residential apartments with book value of € 1.8m. As a result of a successful planning application, the site value was €3.37m.

**Fifteen months later gross development value € 8.5m**

### **Development**

German land & buildings with a book value of €3.5m acquired to build 21 houses and 2 medical centres with car parking.

**On completion of the proposed residential element € 19.864m of sales are envisaged.**

### **Refurbishment**

Borrower purchased 2 existing nursing homes with combined value of £2.7m. Finance was used to undergo complete upgrade of both premises over a period of 4 months.

**On completion the book value is forecast to increase by 30%**





BENEFITS OF GOING DIRECT TO PROPERTY MANAGERS



## DIRECT APPROACH GENERATES ADDED VALUE

- Traditional real estate funds engage firms like Marshall Hutton for their specialist local knowledge and expertise in acquiring, developing and managing properties
- By launching its own fund, Marshall Hutton offers investors a chance to eliminate a tier of management
- This enables a more agile response to opportunities, speedier completion of projects, tighter control and lower costs, leading to better returns

So confident is the management team in the benefits this will have on returns that it has set its performance bonus hurdle rate at the high level of 8%

- **The fund will be able to concentrate a larger portion of the value added chain into one single entity**
- **Ability to capture all this added value for investors in the Fund**
- **Such control also reduces risk and exposure, by having in-house the required know-how to accurately value the property and related risks**





MANAGING RISK



## MANAGING RISK

Risk management of real estate loan transactions is crucial. This is why we apply stringent operational procedures and carefully oversee all legal requirements.

### Key risks we address:

- Decline in real estate prices, which is our collateral.
- The fund has a credit risk due to the potential default on payment by the creditor.
- The assets financed may be hard to sell in a down market, increasing the risk to our interest payments and return of capital.

### Loans are accrued on individual properties, rather than aggregated across the whole portfolio – MBF will not cross collateralise debt.

- Expert 3<sup>rd</sup> party valuation of underlying values.
- Access to consented residential schemes on discounted terms.
- Focus on quality property that has sustained appeal.
- Mixed portfolio diversified by type, location, operational status or delivery time.
- The Fund will maintain a minimum liquidity of 10% of the NAV.

We know that even small details can endanger transactions and fund returns.

That is why risk identification is at the very core of our investment and allocation process.





## MANAGING RISK: REAL ESTATE RISK

The fund lends to owners or developers of real estate assets, it does not undertake direct purchase of properties. This strategy allows the Fund to take advantage of the real estate market, through lending and not direct exposure, generating high double digit returns, however with a small price risk.

As a lender rather than direct owner, this provides the fund with the ability to maximize profit and minimize risk by spreading the investment of investors capital across a multitude of real estate securitized assets

### Key risk management features:

- Fund will focus on properties and locations, where the price downside risk is minimal.
- Private client cornerstone money invested to ensure stability in accrual period.
- Fund will not be using leverage.
- Fund will use independent and conservative property valuation experts.
- Absolute return philosophy – the Fund is not dependent on the increase of real estate prices. Through its focus on opportunistic lending and shrewd asset management, the Fund seeks to generate yield, irrespective of the condition and direction of the market.





## MANAGING RISK: CREDIT RISK

- ⦿ **Risk of delayed payments by the borrower**
- ⦿ **Risk of bankruptcy by the borrower**
- ⦿ **Risk of not finding a buyer**
- ⦿ **Risk of downside market cycle**

Fund will have clauses to manage late payments and obtain a higher interest rate, compensating and pricing risk properly. This is not uncommon and is more profitable for the fund.

Fund will perform credit risk analysis on creditors and future buyers

Fund will have normally first and also second claim on the property, where the borrower's capital will be our additional security, being at historical market highs

Fund has first type relationships with exit partners. Fund will enter into transactions where a predefined buyer has already showed interest in purchasing

Fund will have low LTV's

Fund will normally have conservative valuations, which will reduce the possibility of our collateral being affected by price fluctuations.

Fund will buy properties in regions where price downside risk is historically low





## MANAGING RISK: LIQUIDITY RISK

**The Fund uses both qualitative and quantitative measures to improve the liquidity of the fund**

Safe collateral and prudent valuation will protect investors capital

- Fund will have an average of 10% in cash at all times
- Fund will place in average, 30% of its investments, into investments with an expected maturity of 3 months
- Fund will be able to have access to a line of credit if needed, in order to provide for liquidity
- Fund will have a lock up, if 10% of AUM are redeemed at one time, in order to protect existing investors

Fund has direct access to exit partners, ready to purchase the property, bringing additional liquidity if needed by selling

- **Fund has access to about 40% of AUM to be provided to investors in a 3 month period**
- **Financing in key areas and having access to key buyers, gives us access to additional liquidity in case needed**
- **Financing in an opportunistic manner, by entering and exiting markets, will additionally increase our access to liquidity**





## MANAGING RISK: OPERATIONAL RISK

The main risk on a property does not come from pricing or credit risk, but rather from a lack of due diligence on the legal permits and requirements with which the property and investors need to comply to execute a transaction

At Fund level, real estate risk is reduced by having reputable parties at each level of the transaction, and independent parties in areas where conflicts of interest can arise, such as property valuation

**Managing real estate risk is primarily dependent on the appropriate management of operational risks such as:**

- ⦿ Proper legal certificate/title of property
- ⦿ Check of property valuation standards and data
- ⦿ Proper KYC of clients and buyers
- ⦿ Check of liabilities and covenants on property
- ⦿ Check of proper insurance and permits
- ⦿ Check of proper zoning and government approvals on property







## TEAM AND OUTSOURCED RESOURCES

Transaction sourcing:  
Valuation:  
Investment Advisors:

**Richard Marshall-Greaves & Daniel Hutton**  
**Tony Harston FRICS**  
**Hugo Headicar, Concorde Capital**

### Valuations

**Savills**  
**Colliers**  
**DTZ**  
**CBRE**  
**JLL**  
**Edward Symons**

### Legal

**Charles Russell Speechlys**  
2 Rue Jean Monnet, 2180  
Luxembourg.

**Druces LLP**  
Suite 425, Salisbury House  
London Wall, London  
EC2M 5PS, UK.

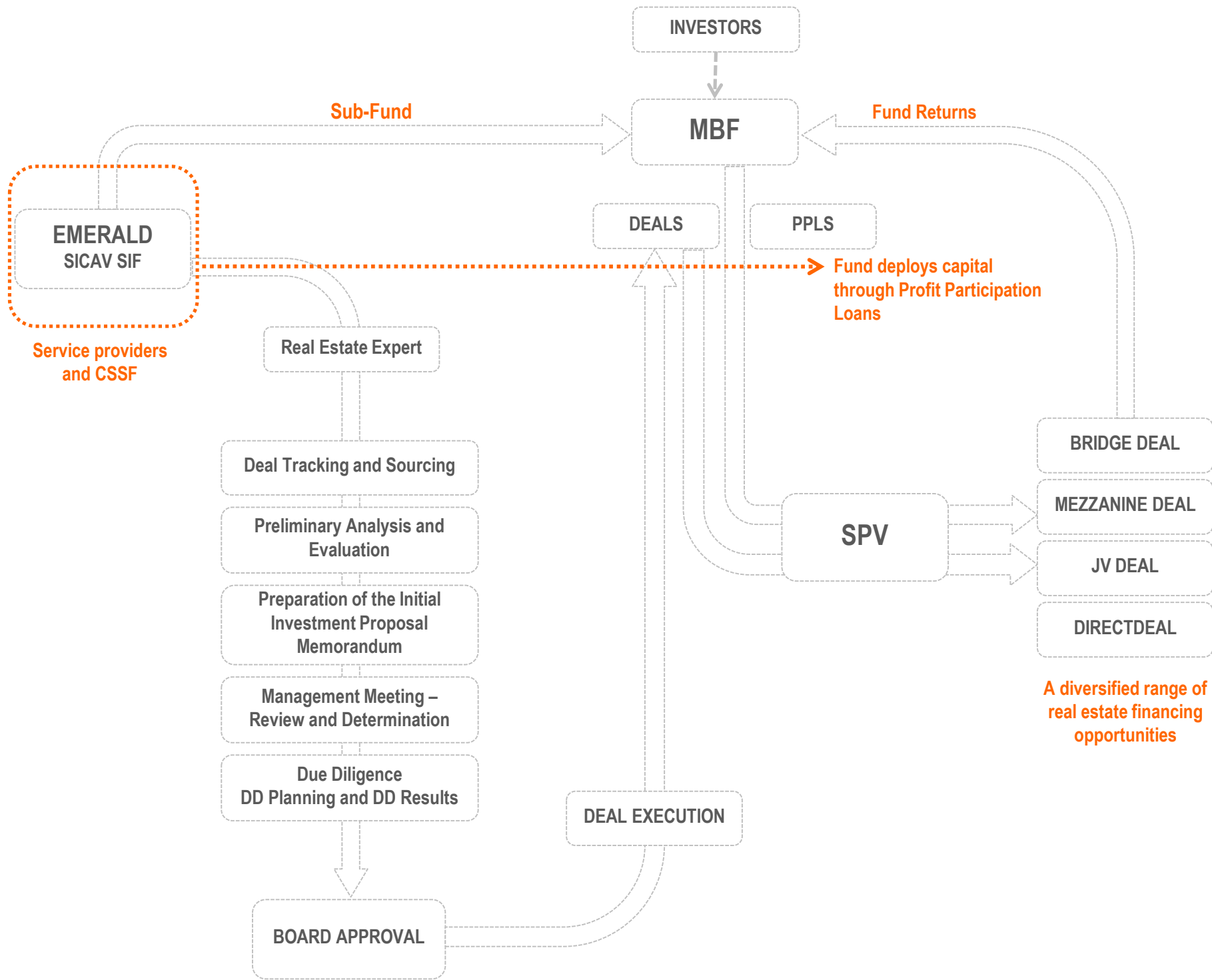
**Lindenpartners**  
Friedrichstraße 95, 10117  
Berlin, Germany.

**Baker & Mckenzie**  
10-12 Boulevard Roosevelt,  
2450, Luxembourg.

### Administrators

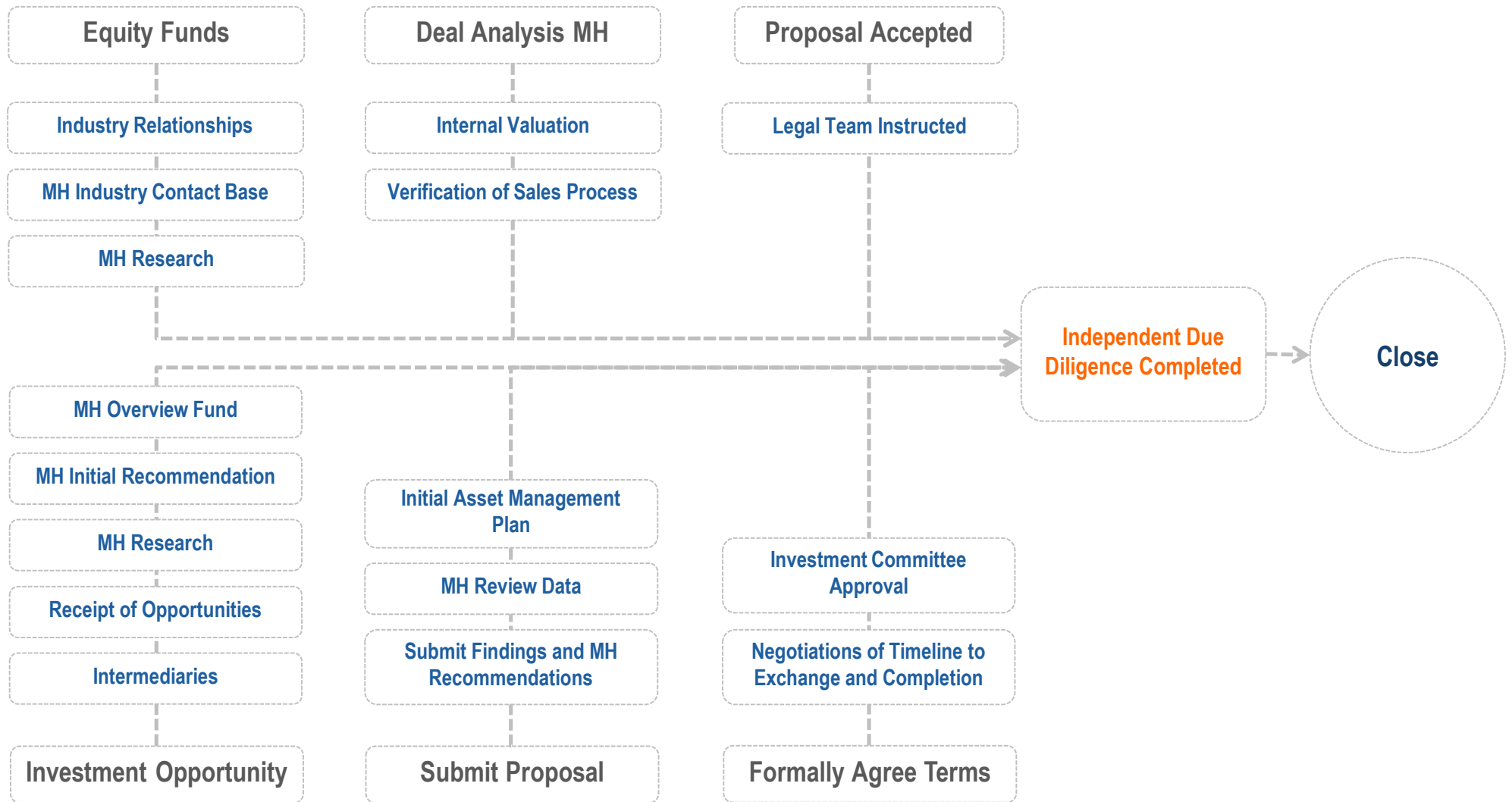
**SGG Group SA**  
412 Route d'Esch, 1471,  
Luxembourg







# ASSESSMENT TO APPROVAL PROCESS





## INVESTOR INFORMATION

<b>Fund</b>	Marshall Bridging Fund
<b>Type of Fund</b>	Luxembourg SICAV SIF
<b>General Partner</b>	Emerald Management Sarl
<b>Independent Advisor</b>	Concorde Capital Partners/ Druces London/ <a href="#">Lindenpartners</a>
<b>Prime Real Estate Strategist</b>	Marshall Hutton
<b>Administrator</b>	SGG Corporate & Fund Administration Services
<b>Custodian</b>	ING Bank Luxembourg
<b>Legal Advisor</b>	Baker & McKenzie
<b>Auditor</b>	KPMG Luxembourg
<b>Currencies</b>	GBP – EUR and USD
<b>Regulator</b>	CSSF Luxembourg
<b>Subscription</b>	Monthly
<b>Redemption</b>	Monthly
<b>Tax Advisor</b>	Charles Russell Speechlys
<b>Management Fees</b>	1.75% per annum
<b>Performance Fees</b>	20% above 8.0% hurdle HWM
<b>ISIN “Class A”</b>	GBP LU1265972312 EUR LU1265972403 USD LU1265972585

*Institutional share class also available. Details provided upon request.*

MBF is a Luxembourg-based specialised investment fund (LFP 1 SICAV SIF SA) reserved for “well-informed” investors. The managers are looking for investments to be made for a minimum of three years to a maximum of seven, with an exit by way of flotation or realised via trade sales.





## CONTACT INFORMATION

### General Enquiries:

**T:** + 32 (0) 496 520 624

**E:** [info@marshallbridge.com](mailto:info@marshallbridge.com)

**W:** [marshallbridge.com](http://marshallbridge.com)

### General Partner

Xavier Deu  
Emerald Managements Sarl  
412 Route D'esch L1235  
Luxembourg

Phone: +352 621 887 085

[xavier@marshallbridge.com](mailto:xavier@marshallbridge.com)

---

This presentation is intended to be for information purposes only and it is not intended as promotional material in any respect. Reliance should not be placed on the views and information in these presentations when making individual investment and/or strategic decisions.. A fund's investment objectives, risks, charges and expenses should be considered carefully before investing. This document contains information in summary form only and its accuracy or completeness cannot be guaranteed. No liability is accepted for any loss of whatsoever nature arising from the use of this information. Application for units in this fund may only be made on the basis of a prospectus relating to the fund and this document may only be distributed to those eligible to receive that prospectus. The distribution of this document may be restricted in certain jurisdictions and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. The prospectus contains this and other important information about the Fund. To obtain a prospectus free of charge, call Société Générale Bank & Trust, 412 F Route D'Esch, L-2086 Luxembourg. Please read the prospectus carefully before investing or sending money.

This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 para. 3, 3bis and 3ter CISA. The Representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich, whilst the Paying Agent is Neue Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich. The basic documents of the Fund as well as the annual report may be obtained free of charge at the registered office of the Swiss Representative."

