



# Summary Information

Fixed return of 8.5% per annum;

Return payable quarterly in arrears;  
and redemptions available quarterly;

Returns generated from a conservative  
lending profile: short term loans primarily  
against London residential property.

montello

INCOME  
FUND



# Welcome

MONTELLO CAPITAL PARTNERS LIMITED (“MONTELLO”) IS A LEADING SHORT TERM BRIDGING FINANCE LENDER IN THE UK.

THE MONTELLO TEAM CONSISTS OF PROFESSIONALS FROM TOP-TIER BACKGROUNDS IN FINANCE, PROPERTY AND LAW — AND SIGNIFICANT INDUSTRY EXPERIENCE AND TRACK RECORD IN THE BRIDGING FINANCE MARKETPLACE.





The Montello Income LP (the “Partnership”) and the Montello Income Fund Exempt Unit Trust (the “Unit Trust”) together form the Montello Income Fund (the “Fund”), and have the following advisers:

## General Partner & Asset Manager

### **MONTELLO PRIVATE FINANCE GENERAL PARTNERS LIMITED**

4 Bentinck Street  
London W1U 2EF

## Advisor to the Asset Manager

### **MONTELLO CAPITAL PARTNERS LIMITED**

4 Bentinck Street  
London W1U 2EF

## Operator of the Partnership and Unit Trust

### **NCM FINANCE LIMITED**

7 Melville Crescent  
Edinburgh EH3 7JA

## Trustee of the Unit Trust

### **VISTRA TRUSTEES (UK) LIMITED**

Suite 12, 55 Park Lane  
London W1K 1NA

## Legal Advisers to the Fund

### **THOMAS EGGAR LLP**

76 Shoe Lane  
London EC4A 3JB

## Auditors

### **PKF (UK) LLP**

Farringdon Place  
20 Farringdon Road  
London EC1M 3AP

## Bankers

### **ADAM & COMPANY PLC**

22 King Street  
London SW1Y 6QY

The Montello Income Fund is approved as a permissible investment with a number of SIPP providers, platforms, and offshore bond providers, including:



# General

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**INVESTOR RETURN**

8.5% per annum

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**RETURN PAID TO INVESTORS**

Quarterly in arrears

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**INVESTOR REDEMPTIONS**

Quarterly (after expiry of initial 5 month commitment); 2 month notice period

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**MINIMUM INVESTMENT**

£25,000

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## Summary Terms of the Fund's investments

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**THE INVESTMENT**

The Fund will make direct investment in short term real estate bridging loans.

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**SECURITY**

All loans from the Fund are secured by registered first legal charge over property. The focus of the Fund is on residential property, primarily in London..

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**RISK PROFILE LOANS**

Loan principal of 75% or less of the current market value of the property (as determined by an independent valuer in each instance). The portfolio has historically been between at an average LTV of between 50-60%.

All loans from the Fund are short term, typically between 3 to 6 months in duration. This ensures that the underlying asset class is relatively liquid.

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**LIQUIDITY BUFFER**

The Fund retains 10% of its assets in cash.

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# Bridging Finance: The Current Market Opportunity



“THE COMBINATION OF A BOTTOMED-OUT PROPERTY MARKET, LOW INTEREST RATES, A WEAK POUND AND ILLIQUIDITY IN HIGH STREET BANKING HAS CREATED A HUGE MARKET FOR BRIDGING FINANCE”

'Bridging specialist Montello launches property loan fund' (24 February 2010)

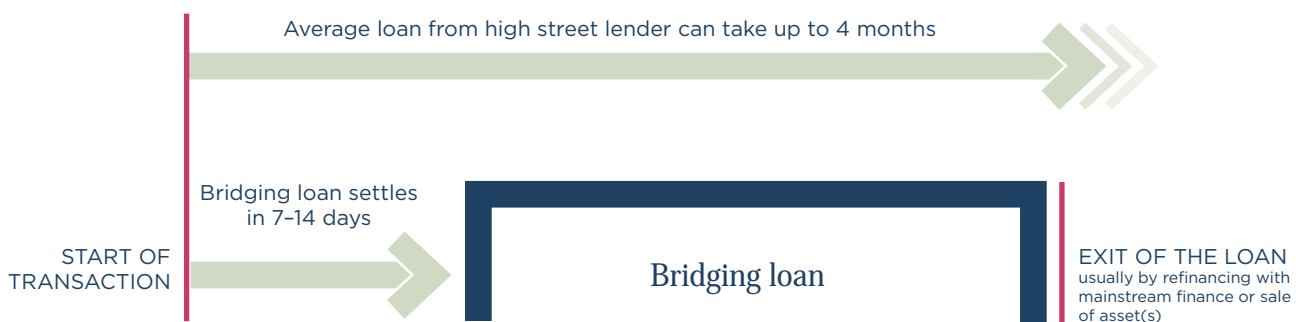
There are no official statistics on the size of the UK bridging finance market. However, it is clear that the current environment provides a very attractive situation for short term bridging finance lenders.

Empirical evidence suggests that even the most credit worthy borrowers can take up to four months to obtain a mortgage from a high street lender.

The aftermath of the 'credit crisis' has meant that there is now increased regulation and capital requirements for banks, and as a result often increased internal bureaucracy.

This means that many mainstream lenders are actually trying to contract their balance sheets rather lend more money, and where they are lending, it is taking a long time for borrowers to obtain a mortgage.

Bridging finance provides a way for borrowers to obtain a mortgage within a shorter time-frame than through a mainstream lender. A bridging loan can usually be arranged for a borrower in around 10 days.



As a bridging finance lender, Montello is not a 'lender of last resort' and not involved with sub-prime lending (borrowers are credit checked etc);

All borrowers have a legitimate 'commercial' purpose for wanting the loan.

**EXAMPLES:**

Borrower purchases at auction, with deposit paid and has a 30 day settlement period;

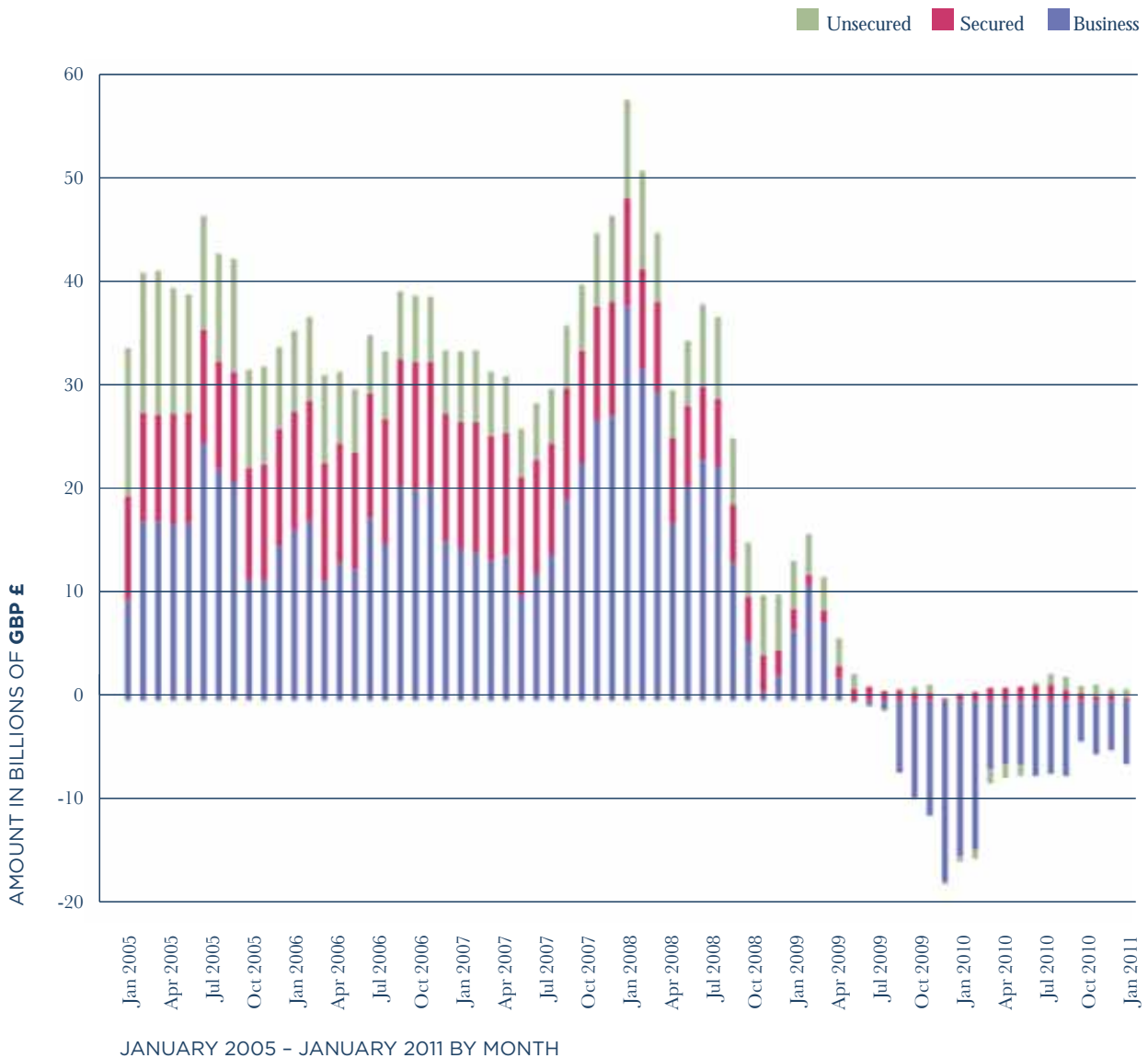
Borrower has a 'good deal' and needs to settle the purchase quickly to secure the opportunity.

“WITH ILLIQUIDITY IN THE CREDIT MARKETS THERE IS AN INCREASED DEMAND FOR BRIDGING FINANCE. THIS MARKET HAS THE POTENTIAL TO GENERATE SUPERIOR RISK-ADJUSTED RETURNS FOR INVESTORS.”

'Like a bridge over troubled waters' (29 November 2010)

**fundstrategy**

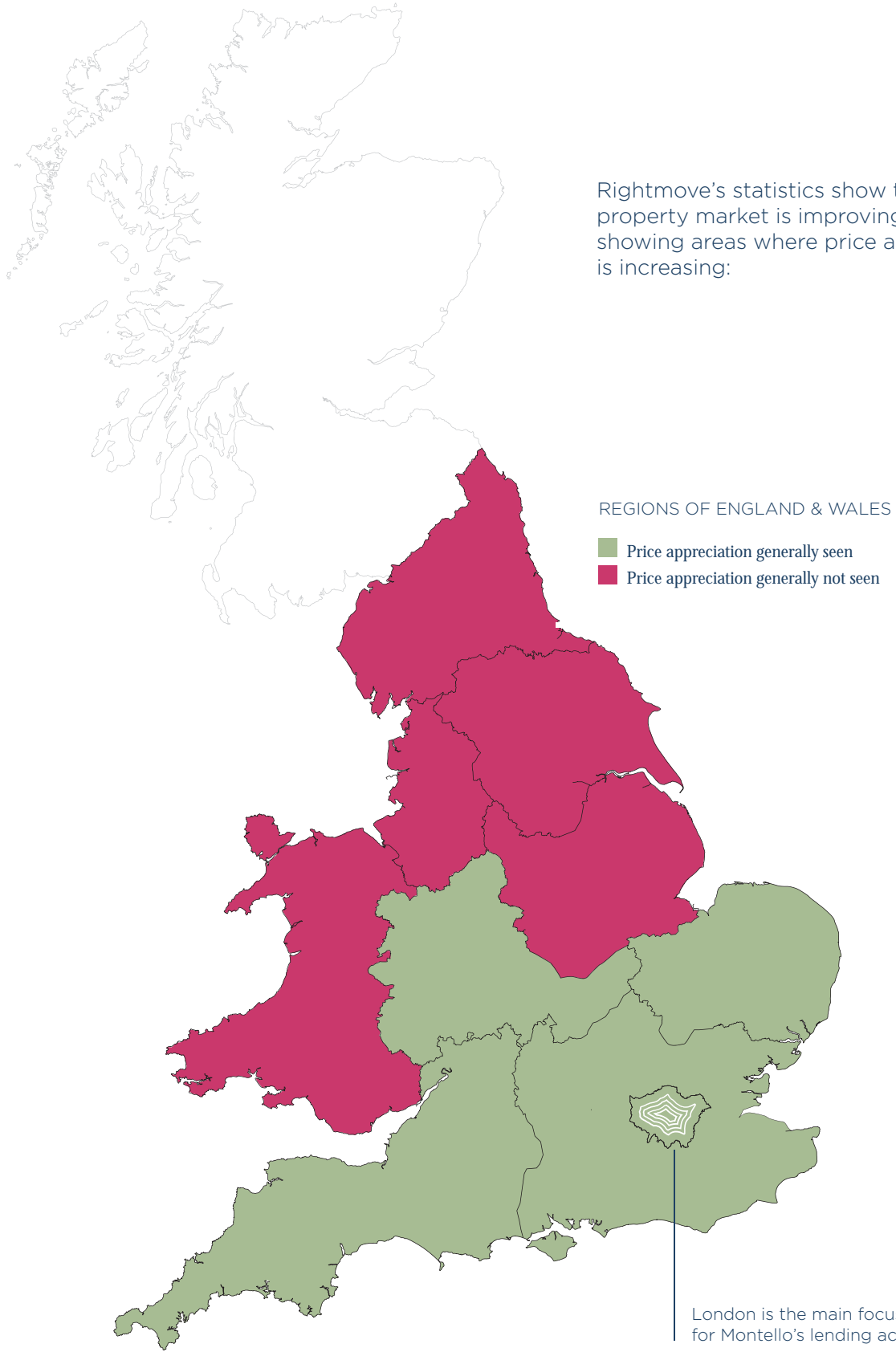
Below shows the dramatic drop in lending to UK businesses and individuals (figures from Bank of England official statistics).



In addition to a sharp contraction in mainstream bank lending, all loans by the Fund are secured against real estate - which is an asset class that has fallen from its previous highs, and prices are arguably now at more sustainable and sensible levels. The property market has shown signs of stabilising, particularly in the South East (which the Fund focuses on) which is relatively strong.



Rightmove's statistics show that the property market is improving, below showing areas where price appreciation is increasing:





# The Montello Business



“MONTELLO HAVE MANAGED TO BUILD A REPUTABLE LENDER IN THE SHORT TERM LENDING SPACE.”

Adrian Bloomfield, Chairman, Association of Short Term Lenders

Montello has built up a reputation for providing a very fast and professional service. The relationships that Montello has developed to generate its pipeline of transactions include lawyers, accountants, insolvency practitioners, real estate agents, mortgage brokers, IFAs, private bankers, other bridging finance companies, and various consultants.

If you do a simple Google search on ‘Montello Bridging Finance’, or visit the Recent Press page on our website, you will see that Montello is regularly featured in the industry press:

myintroducer.com

mortgagestrategy

MoneyMarketing

FINANCIAL TIMES

fundweb

assetadviser

MORTGAGE  
INTRODUCER

Part of the significant value that Montello feel they add to the proposition with the Montello Income Fund, is the considerable profile that Montello has in the short term lending market. This means that Montello is able to generate a significant pipeline of prospective deals to work through, to ensure that the portfolio constructed for the Fund is of a superior quality.

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MONTELLO INCOME FUND



Montello goes to great lengths to mitigate the risk associated with each loan that it advances. For each loan, Montello arguably conducts all of the searches and checks that a bank will do on a borrower and a property that it lends against, which will usually include:

- | Conducting extensive searches on borrowers, including credit checks and scoring through third parties such as Equifax;
- | Searching various registers re CCJs and any other claims made against a borrower;
- | Obtaining an independent valuation on each property;
- | Montello physically inspecting the property;
- | Instruct experienced independent legal counsel to do due diligence on the borrower and the property;
- | Obtain an insurance policy against each loan which protects the Fund against fraud and potential property title issues;
- | Ensuring that the solicitors and valuers instructed have sufficient professional indemnity insurance coverage for each loan.

## ADVISOR TO THE ASSET MANAGER

Montello is the exclusive adviser to the Fund and is one of the leading real estate bridging finance companies in the United Kingdom. The directors of Montello come from top-tier professional background:

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### Richard O'Toole

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Richard O'Toole is currently a director of Goldman Sachs Bank (Europe) plc, and provides advice and consultancy services to Governments and international companies.

Richard has significant international corporate and government experience. He was previously the Assistant Director General of GATT in Geneva, having participated in the Uruguay Round trade negotiations which led to the establishment of the WTO. Richard was subsequently appointed Global Head of Government Affairs with one of the largest conglomerates in the world, ABB Group. Following this, Richard was Head of International Government Affairs for Goldman Sachs, where he was a managing director.



### Christian Faes LLB (Hons)

DIRECTOR

Christian Faes has a number of years experience in the private mezzanine and bridging finance industry. Christian previously ran a mezzanine finance business in Australia; and was also non-executive chairman of Australian funds management firm Scintilla Capital.

Christian is a qualified solicitor, and has considerable legal experience in a broad range of real estate, corporate finance and capital markets transactions. In Australia, Christian previously practiced as a real estate lawyer with Allens Arthur Robinson, and subsequently co-founded a boutique real estate and commercial law firm.

In London, Christian has practiced as a securitisation and corporate finance trusts lawyer with Clifford Chance, and then as in-house legal counsel with Deutsche Bank in their Corporate Finance group.

Education: Bond University, Australia; University of Western Ontario, Canada.

Qualifications: Solicitor, High Court of Australia.



## Ian Sutherland LLB (Hons), LLM (Hons)

DIRECTOR

Ian Sutherland has significant experience in deal structuring, valuations and real estate financing.

Before embarking on his legal career, Ian interned at Goldman Sachs, Biddle & Co. and the World Trade Organisation. Ian is a dual qualified New York attorney and UK solicitor, who until recently worked with Ballymore Group, a leading international property developer. Prior to Ballymore, Ian worked as a solicitor with US law firm Wilmer Cutler & Pickering and UK firm Clifford Chance where he gained exposure to domestic and US private equity deals, capital markets transactions and litigation.

At Ballymore, Ian worked in the residential, commercial, legal and investment departments. Ian assisted on the negotiation of alternative investment structures including joint venture developments and complex financial modelling.

Education: Georgetown University Law Center; Trinity College, Dublin; European University Institute, Florence.

Qualifications: Attorney, New York; Solicitor, England and Wales.



## Ian Thomas BSc (Hons), MRICS

DIRECTOR

Ian Thomas is a qualified Chartered Surveyor, with a degree in Investment and Finance in Property from the University of Reading. Prior to joining Montello, Ian worked for Ballymore Group, working within the acquisitions and disposals team, involved with the purchase of complex mixed use developments and investment projects in the UK and abroad.

He was involved in deal structuring, viability analysis and acquisition due diligence for complex multi phased projects. Before Ballymore Ian worked for SEGRO flexible business space specialists, he was involved in the design, planning, development and leasing of industrial and office projects throughout the UK.

Education: The University of Reading

Qualifications: Chartered Surveyor



#### IMPORTANT NOTICE:

This is not an Information Memorandum nor an offer of any kind. All investment in the Montello Income Fund is subject to the terms and conditions contained in the full Information Memorandum for the Fund. For a copy of this document, please contact Montello on 0800 130 3388.

**RISK FACTORS.** The Fund is an unregulated collective investment scheme suitable only for experienced investors, and the protections normally offered by the Financial Services and Markets Act 2000 and compensation under the Financial Services Compensation Scheme do not apply. There will be no established market for either participations in the Montello Income Limited Partnership nor for units in the Montello Income Fund Exempt Unit Trust. The value of investments and the income from them can fall as well as rise and is not guaranteed. An investor may not get back the original amount invested.

**RISK WARNING.** This document is issued for the sole purpose of providing initial information about an investment in the Fund. Any investment in the Fund must be made on the basis of the Information Memorandum only and not on the preliminary details contained in this preliminary document. The preliminary terms of this document may differ from the details in the Information Memorandum and should be read in the context of the whole of the Information Memorandum including, particularly, the section headed "Risk Factors". This document does not constitute, and may not be used for the purposes of, an offer or an invitation to apply to participate in the Fund.

The contents of this document are confidential and must not be copied, disseminated or used in any way except by the recipient for the purpose of evaluating an investment (or with the consent of the General Partner of the Fund, Montello Private Finance General Partners Limited (the "General Partner")). In particular, it should be noted that the information or material in this document about certain prospects and possible future returns are uncertain and

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Montello Bridging Finance is a trading name of Montello Capital Partners Limited. Montello Capital Partners Limited is a company registered in England and Wales, registered company number 6638365. The registered office of the company is 4 Bentinck Street, London W1U 2EF. The principle place of business of the company is 4 Bentinck Street, London W1U 2EF. Montello Capital Partners Limited has a Consumer Credit Licence, under licence reference number 624802/1. Montello Capital Partners Limited has provided the required Notification as a data controller to the UK Information Commissioner's Office under the Data Protection Act 1998. The Information Commissioner's Registration Number for the company is Z1616808. NCM Finance Limited which is authorised and regulated by the FSA (183732) has been appointed as the Regulated Operator of the Fund.



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[www.montelloincomefund.com](http://www.montelloincomefund.com)

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