

westbrooke **income plus**

faq's



westbrooke
Alternative
Asset
Management

What period is my money locked-up for?

- a. Investors will have an initial lock-up of 18 months from the date of investment
- b. Following these lock-up periods, 6-months' notice can be placed in February or November

What are the access points for me to invest?

There are various ways in which investors can access the fund. The best access point will be based on each investors' facts and circumstances, as well as considerations surrounding tax efficiency. The current fund access points include:

- a. Investment in our regulated Qualified Investor Hedge Fund structure (the Westbrooke Income Plus SNN QI Hedge Fund)
- b. A tax-efficient direct company investment structure
- c. The creation of a segregated mandate (for investments in excess of R35 million)

How are the fees calculated?

Westbrooke Income Plus charges two types of fees, namely an annual asset management fee and a performance fee.

- a. Annual fees:
 - i. The annual management fee is 1.50% per annum (excluding VAT)
- b. Performance fee:
 - i. A performance fee of 15.00% (excluding VAT) is charged above a hurdle of 3 month JIBAR + 2.5% per annum (with catch-up) (subject to a high-water mark)

**Please note that these fees are subject to change depending on the investment access point selected*

What is the minimum investment amount that I can invest?

- a. The minimum investment size is R1 million

What is the difference between the distribution and accumulating share classes:

- a. The distribution share classes distribute the income in the Fund every 3 months post-finalisation of the quarterly NAV
- b. The accumulating share classes do not distribute income, but rather capitalise this into the share class NAV on a quarterly basis (which can be more tax efficient for certain investors)

When can I invest into Westbrooke Income Plus?

- a. The fund accepts new investments on a quarterly basis, at the end of February, May, August and November each year

What is the investment process for making an investment in Westbrooke Income Plus?

- a. Please view our “How to invest” document [here](#).

How does Westbrooke create liquidity for exiting fund investors after their notice period has expired?

- a. The liquidity of the underlying loans is managed by the investment team to ensure that if an investor places notice, that there is actual liquidity in place to redeem units / shares
- b. The Fund operates on a 180-day notice liquidity system which provides the investment team with adequate notice to generate cash for investor redemptions as and when they fall due
- c. Liquidity can be generated through one or a combination of: (1) allowing shorter-dated loans to be repaid and (2) cash management. Although there are “gating” provisions, it is the intention that these would only be used in exceptional circumstances
- d. All transactions written in the Fund are assessed against the Fund’s upcoming redemption profile to ensure that the liquidity risk is appropriately managed and that any asset / liability mismatch is reduced to the extent possible. The impact of this is that the Fund generally has a 14 - 18 month weighted average duration, which is matched to the initial Fund lock-up period

What types of loans are written in the fund?

- a. The Fund has 3 primary investment strategies, namely the provision of secured loan instruments to:
 - i. Speciality Finance Companies
 - ii. Investment Holding and Operating Companies; and
 - iii. Real Estate

Although the split between these underlying sectors fluctuates depending on investment pipelines, we target to create a spread across the various sub-sectors.

Speciality Finance

Speciality finance companies comprise of non-bank lenders that have developed a niche in their sector of expertise, such as real estate bridging loans, asset and rental finance, merchant cash advances, etc.

The majority of the funding provided by Westbrooke Income Plus to this sector is on a senior secured basis with a pledge and cession of the borrower's book as collateral.

There typically is significant equity or first loss within these books.

The funding provided is typically provided to further grow the client's book, thereby allowing the company to grow and become more profitable.

Investment Holding and Operating Companies

These transactions are typically provided to companies that have significant assets or investments where a traditional bank is either unable to understand the value of the assets or operate at the speed that the Fund is able to.

The facilities provided are typically provided to fund acquisitions or working capital and are secured against the equity value inherent in these businesses.

The Fund typically takes for corporate and personal guarantees to further secure the loans.

b. Real Estate

The Fund provides loans to real estate holding companies, as well as to fund experienced developers.

The transactions typically take the form of a senior or subordinated secured facility, which is backed by guarantees from the developer or holding company

- i. The Fund does not invest in ring-fenced development finance or greenfield projects
- ii. The Fund does not lend against vacant land

Are the underlying loans reliant on earnings growth or growth in the South African GDP?

There is always an element of reliance on the underlying economy in which our borrower's operate. However, the following risk mitigants have been built in:

- a. The majority of the loans in the Fund are secured against assets at conservative Loan to Value ratios with significant equity cushions and are not reliant on earnings growth to service and repay each loan
- b. The Fund does not take profit share or warrants and as such earns its return from the interest charged
- c. Due to the short-dated nature of the loans extended, the investment team is able to continuously re-assess the local macroeconomic environment prior to extending new credit, and to adjust deal structuring elements and terms as necessary in order to accommodate any changes

Who should I contact if I would like more information?

Investors can e-mail info@waam-sa.com and a member of the Westbrooke team will be in contact with you



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