

LFP | SICAV-SIF S.A. Montello Real Estate Opportunity Fund SICAV-SIF

SUMMARY TERMS

Target net return:	8-10% per annum
Income Paid:	Quarterly (Capitalisation and Distribution share classes available)
Reference currency:	GBP
Liquidity:	Monthly with 30 days' notice
Fees:	1.95% AMC + 20% performance fee (target returns are net of these fees)

12 Month Performance

		Class	1 Month	3 Months	6 Months	12 Months	Inception* to date
Dist.	GBP	I	0.72%	2.33%	4.40%	8.67%	13.48%
Cap.	GBP	II	0.72%	2.34%	4.40%	8.66%	13.47%

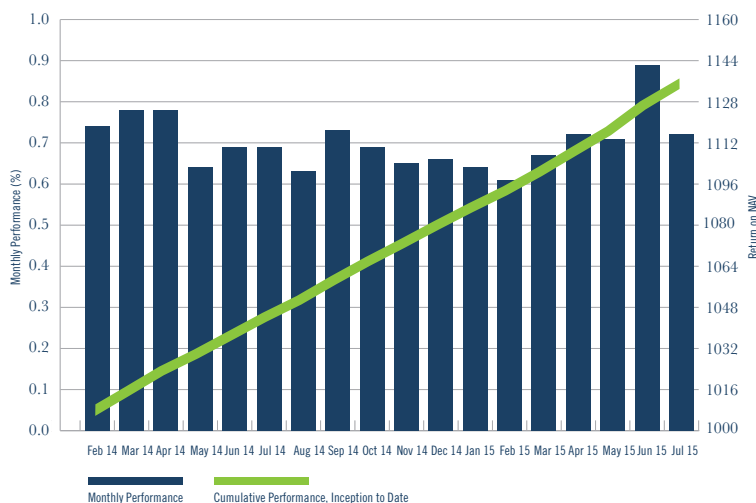
* 1 January 2014

July Update

In July, two of the larger loans in the Fund's portfolio were repaid representing a significant percentage of the total loan book. Nine loans have now successfully repaid since Fund inception in January 2014. Over the course of the month, we successfully re-invested the redeeming loans, although performance was moderately weighed down from the previous month due to the above-average cash holding in the interim between repayment and the reinvestment. The portfolio was fully-invested as the Fund moved into August.

In terms of new investments during the month, we agreed a facility with a Borrower to whom we had provided debt finance in the past. The Borrower in this instance was seeking a facility secured against a portfolio of properties, some let with existing tenants, with others requiring refurbishment. The portfolio mainly consisted of residential property, with an element of commercial use. The Fund agreed to provide a senior debt facility being drawn in two phases. The Borrower has undertaken to provide additional equity investment to fund the refurbishment which will further enhance the property values, enhancing the security. Interest for 12 months was retained upfront, substantially de-risking the investment and enhancing the IRR for the Fund.

MREOF Performance



- Performance figures on Distribution share class assumes re-investment at the same rate as distribution.
- Performance fee was waived Feb-April 14.
- Performance fee reduction introduced for the April to June Quarter was all crystallised in the June monthly performance.

CBRE Market Update

Across the UK real estate market both transaction levels and mortgage approvals are increasing. The Bank of England reported that mortgage approvals for house purchase increased by 2.7% month on month in June. Levels are 1.6% higher than the same month last year, and 8.1% higher than the previous quarter (Jan - Mar 2015). In addition, the rate of annual house price growth edged up to 3.5% from 3.3% last month. London continues to outpace the national average with the latest Land Registry data showing annual increases of 9.2%, up from 8.6% in May.

The economic backdrop remains supportive with the latest figures showing the UK economy grew by 0.7% in Q2. Conditions in the labour market remain strong with low unemployment and healthy earnings growth. In addition, the low inflation and interest rate environment mean conditions continue to remain favourable for the housing market.

While the demand side remains favourable, the long-term health of the market depends on whether the supply side can keep pace. The volumes of homes under construction has picked up recently, but this was from a low base, and will have to continue to pick up for a sustainable recovery over the long-term.

Finally, it is now six months since the changes to the Stamp Duty Land Tax (SDLT) were introduced, which prompted a shift away from the old 'slab structure' to more of a marginal tax. The impact of these are now filtering through to market activity. Most notably, there is a less pronounced concentration of transactions around the key 'trigger' points, namely at £125,000, £500,000 and in particular, the £250,000 price point. Moreover, Land Registry data indicates that nearly 235,000 purchasers across the country have saved money under the new regime, with an average saving of £1,800.

Our Track Record

The Montello group was established in 2008 and has since built a track record in direct real estate lending, providing net returns at or above the Fund's target range. Montello manages more than £150m and its funds have consistently returned between 6% and 10%pa on an annualised basis.

CBRE

pwc

LFP LUXEMBOURG FUND PARTNERS

SOCIETE GENERALE

APEX FUND SERVICES

PwC Legal LLP



'PENSION FUNDS, SOVEREIGN WEALTH FUNDS AND INSURERS SEARCHING FOR INCOME-GENERATING INVESTMENTS ARE INCREASING THEIR COMMITMENTS TO DIRECT LENDING FUNDS, WHICH PROVIDE STABLE CASH FLOWS FOR A RELATIVELY LOW RISK.'

FT.com, 'Direct lending' fund tops €2bn as demand booms March 2014

Investment Advisor & Loan Originator

Montello Capital Advisors Limited ("Montello") is an investment advisory subsidiary of LendInvest Limited, which is the world's largest online mortgage marketplace by loan value. Investments for the Montello Real Estate Opportunity Fund are originated via the LendInvest platform, which generates over £150m of loan enquiries per month.

The operations, origination and underwriting capability of LendInvest were analysed and rated by ARC Ratings in June 2015. ARC is a European credit rating agency registered with the European Securities and Markets Authority (ESMA). LendInvest achieved the highest rating of 'SQ1' in the report (available on request).

Montello Funds Management Limited, the Fund Management arm of LendInvest, is authorised and regulated by the Financial Conduct Authority in the UK.

Transaction Advisor

Montello is advised by CBRE Indirect Investment Services Limited (CBRE) as Transaction Advisor, which is Authorised and Regulated by the Financial Conduct Authority and is a wholly owned subsidiary of CBRE Limited. CBRE is a global leader in Real Estate services, and has a team of professionals based in their London office that is currently mandated to advise on assets totalling over £5billion. In addition to advising on transactions of Montello Real Estate Opportunity Fund, CBRE assists Montello with portfolio analysis and transaction due diligence where appropriate.

Investment Asset Class

The Fund invests in real estate lending opportunities in the UK, with a focus on London and the South East of England. The core portfolio consists of secured direct lending, with the opportunity to participate in equity upside potential in real estate and associated securities and investments.

The Fund's Borrowers and Counterparties are typically experienced property developers and entrepreneurs with a need for short-term funding (3-18 months) in order to seize a time-sensitive opportunity and take the acquisition or project through to completion.

The investment objective is to ensure that the Montello Real Estate Opportunity Fund provides stable, consistent, high level returns for investors, with limited volatility, whilst taking steps to preserve initial capital, with a target to achieve an average total return to investors between 8% and 10% per annum.

Asset Risk Mitigation

Investment risk is spread over a range of properties and projects, with consideration also given to geographical spread. Diversification occurs at different levels including real estate type, location, operational status and delivery time.

The Fund takes a range of collateral for its assets, including personal guarantees where appropriate and fixed and floating charges against assets.

Montello undertakes extensive due diligence on each project and partner with which it works, including obtaining full credit reports, company history and other industry searches, and benefits from the same fraud detection systems and underwriting processes as used by the mainstream banking industry. Further information on Montello's underwriting process is available on request.

Fund Structure

The Fund is a Luxembourg SICAV-SIF, open to well informed, sophisticated and other qualifying investors, corporate entities, trustees and other investment vehicles such as off-shore bonds and platforms.

The Montello Team

Montello's directors come from top-tier backgrounds in law and property:

CHRISTIAN FAES LLB (Hons)
ex-Clifford Chance, Deutsche Bank

IAN THOMAS BSc (Hons) MRICS
ex-SEGRO, Ballymore Property

ROD LOCKHART Bsc (Hons) MRICS IMC
ex-CBRE Capital Advisors

CARL GIANNOTTA LLB (Hons)
ex-KAS Bank NV, Barclays Corporate & Investment Bank

Advisors to the Fund

Investment Advisor: **Montello Capital Advisors Limited**

Transaction Advisor: **CBRE Indirect Investment Services Limited**

Fund Management – Board of Directors: **Luxembourg Fund Partners Directors**

Fund Administrator: **APEX**

Fund Auditor: **PwC**

Custodian Bank & Paying Agent: **Société Générale**

Legal Advisor: **PwC Legal LLP**

www.montello.co.uk

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