



Faes & Co Income Fund

An asset backed direct lending fund, focussed on lending against residential property in the United States

INVESTMENT HIGHLIGHTS

- 7⁺ Fixed return of 8.5% per annum (paid quarterly)
- 7⁺ Superior risk adjusted returns generated from a conservative lending profile: Focus is on short term loans secured by first mortgage against residential property
- 7⁺ 90 day liquidity (after 1 yr investment); open-ended fund
- 7⁺ Cayman Islands feeder for offshore investors, paying income gross and no US filings required

faes⁷⁺co

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United States



ABOUT THE FUND

The Faes & Co Income Fund is an open-ended fund that is focussed on the short term mortgage market ("bridging finance") in the United States.

The Fund provides bridging finance loans that are mainly backed by first mortgage (lien) against residential property, with the additional protection of personal guarantees. All loans are for business purposes only.

All loans that the Fund invests in go through a stringent underwriting

process, including analysis using the most sophisticated tools available in the market; an independent qualified professional physically inspects the security property and provides a reports on value; and we vet the borrower's experience and credit history.

The fund provides investors with the opportunity to earn superior risk adjusted returns, a steady quarterly income, with a high level of protection and diversification against US real estate.

THE FUND TERMS

Investor return	8.5% per annum (paid quarterly)
Fund currency	USD
Fund structure	<p>US investors: Reg D, 506 (c), US Delaware LLC</p> <p>Offshore investors: Cayman Island Exempted Limited Partnership</p>
Liquidity	Open-ended, 90 days notice (subject to 1 yr investment)
Minimum investment	<p>\$100,000</p> <p>The Fund is only open to 'Accredited Investors'</p>
Offshore investors	Offshore investors can invest through our Cayman Islands feeder fund, which allows for the investor return to be paid on a gross basis, without any withholding taxes. There are also no investor filings required to be made in the US.

OUR PARTNERS

Bankers	Citibank
Legal advisors Cayman Islands	Maples Group
Legal advisors United States	Geraci
Auditors	CohnReznick
Admin	Socium

INVESTOR PROTECTIONS

- **Fund is audited:** The auditor of the Fund is CohnReznick, which is a Top 10 US accounting firm.
- **High level of security:** Loans in the Fund are secured primarily by first lien (mortgage) against residential property, up to a maximum LTV (per loan) of 80%. The expected portfolio average is an LTV of approximately 70% or less. Personal guarantees are also obtained from borrowers.¹
- **Diversified portfolio:** The Fund will have a diversified portfolio of loans and security, with no single loan exceeding 15% of the Fund's portfolio.²
- **Investor Protection Reserve Account:** The Fund holds an Investor Protection Reserve Account, which requires the Fund to hold 1% of the prior fiscal year's interest income, as a buffer to protect investor income payments.
- **Fund winds up if income payments are not made:** If the Fund fails to make any two consecutive income payments, in full, then the Fund will wind down (which will likely result in losses to the manager). The Fund does not (obviously) guarantee income payments to investors, however the manager is making this provision to show it's confidence in being able to meet the quarterly income payments in full.

¹ The manager has discretion to lend to a higher LTV on a case-by-case basis in special circumstances; and there is the provision for the Fund to make loans secured by junior security, provided that any such loans do not make up more than 10% of the assets of the Fund (and/or are for over-collateralization of the loan security).

² The diversification requirements of the Fund apply while the Fund's portfolio exceeds \$10m in size.



Borrower (or broker) inquires about a loan with us.



We provide the borrower with a non-binding 'letter of offer' outlining draft terms for a loan.



Borrower completes loan application (including authorizing us to do full credit searches).



An independent valuer will visit the security property for inspection and report.



We do extensive searches on the borrower (inc FICO scoring from 3 credit reference agencies; looking at their transaction history on property titles; and various other analysis).



We do extensive analysis on the property.



If our extensive underwriting criteria is met, we will instruct our lawyers to prepare loan documents.



Borrower signs loan and mortgage documents.



Our lawyers will have title secured for the Fund, and provide funds to the borrower.



OUR CREDIT UNDERWRITING PROCESS

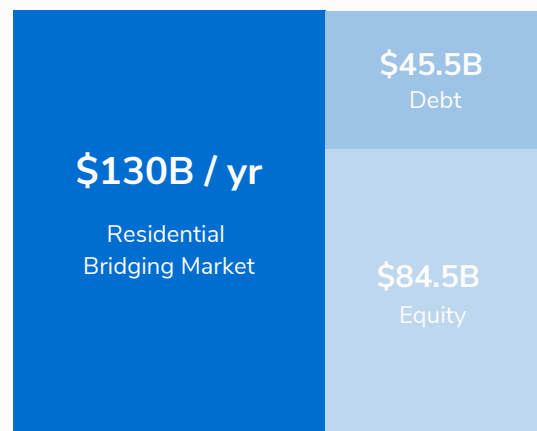
We have a stringent underwriting process that has been refined from almost two decades of lending in the short term mortgage market.

After a loan is advanced to a borrower, we continue to do extensive monitoring of the loan and the security as part of our portfolio management. This includes monitoring that appropriate insurance is kept in place for the property, and that the borrower does not subsequently become subject to any legal claims etc.

We use both our internal team for this, and make use of a third party servicing group. When third parties are used, this will normally be a rated servicer with significant relevant domain expertise for our loans, and the required regulatory oversight.

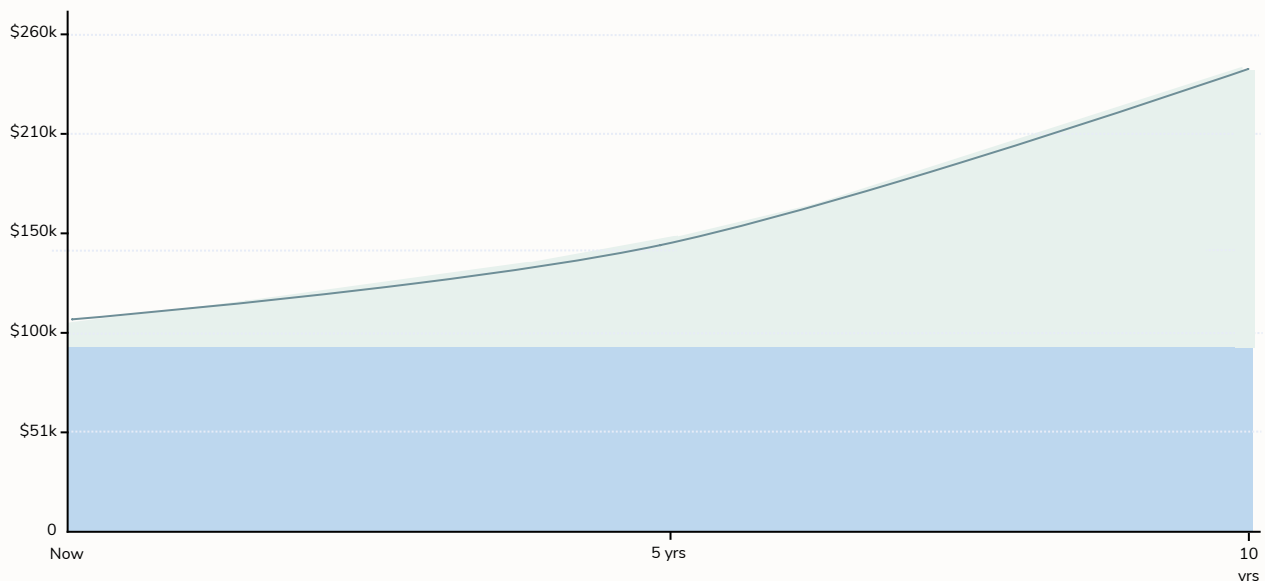


Bridging finance in the United States is a large and established market. In 2022, it was estimated that 8.4% of all residential property purchases were bridging finance transactions. Typically a borrower will buy a property, to rehabilitate or renovate, with a view to selling for a profit. These loans are usually less than 12 months in duration, and our focus is on the more liquid parts of the residential housing market where there remains an undersupply of housing.



*Data from Attom for 2022. Market size: 407k houses, and median end sale price of \$320k; 35% of transactions financed.

CONSISTENT RETURNS, COMPOUNDING



*Chart assumes a compounding return of 8.5% per annum, over a 10 year period.

BACKGROUND TO FAES & CO

The Fund is managed by Faes & Co Funds Management LLC, which is part of the Faes & Co group. Faes & Co is an investment firm that actively builds and invests in technology enabled direct lending businesses.

The Faes & Co group is building and investing in businesses that will originate loans and assets for the Fund to invest in. F2 Finance LLC is one of our group companies that will originate loans for the Fund.

OUR TRACK RECORD IN NUMBERS

\$4.7 billion

Funds Under Management, businesses we've founded and helped build

265+ people

Employed in these businesses

16+ years

Building and investing in finance businesses

These numbers are across various businesses that we have helped build, and our group is involved with, and not specifically in relation to the Fund.

Christian Faes, CEO



Christian Faes is a lawyer by background, having practiced at top tier law firms in Australia and the United Kingdom.

In 2008, Christian co-founded what would become LendInvest, which is one of the largest non-bank mortgage lenders in the UK. The company is now listed on the London Stock Exchange, and Christian remains a major shareholder and chairman of the board.

Christian was also co-founder of an Irish property lending business called Onate. Onate is now the largest bridging finance lender in Ireland.

Christian now resides in the United States and is building Faes & Co and its lending origination platform, F2 Finance.

Christian has been working in the bridging finance market, as a lawyer and operator, for almost two decades.

F2 Finance

F2 Finance is part of the Faes & Co group, and originates loans specifically for the Fund. The company is a specialist short term mortgage lender, focussed on financing borrowers that are active in the 'fix & flip' home renovation market in the United States. We have a team of professionals that have deep domain expertise in the short term mortgage lending market; and we have access to some of the most sophisticated tools available to originate and underwrite good quality loans for the Fund.



F2 Finance is a proud and active member of the AAPL and the CMA.



F2 Finance wants to capitalize on a fragmented fix-and-flip market

There's about 8,500 fix-and-flip mortgage lenders in the U.S. ...
"The opportunity is interesting in the sense that there's a housing shortage. So fix-and-flip lending is directly helping that supply and demand issue in terms of creating new housing stock or upgrading what would otherwise be dilapidated housing stock".

— 25 July 2023



Family Office Investors See Promise in Credit, Bridge Financing to Manage Risk

"As interest rates have risen, some family offices have tilted toward private-market investment strategies with shorter durations and lower risk profiles, such as private credit and real-estate bridge financing"

— 18 July 2023

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Any investment in the Company is subject to the terms and conditions outlined in the Private Placement Memorandum and associated documentation.



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