

westbrooke USA real estate residential fund



westbrooke

Alternative Asset Management



The Kennedy Property, acquired in 2018

key investment highlights



experienced partners

Investing alongside **experienced, trusted, on the ground** partners in the USA



value enhancement strategy

Improving property value through **capex, tax incentives and active management**



diversification

A portfolio of **7 multifamily assets** with **4 experienced partners** spreads investment risk



compelling dollar returns

Target average USD cash on cash yield of **5%-6% p.a.** and investment IRR of **10%-12% p.a.** (after fees, before tax)*



tax efficient structure

Significantly reduces taxes, boosting returns and removing investor **US reporting requirements**



liquidity

Diversified portfolio of assets allows for **better liquidity management**

background to westbrooke USA residential

Westbrooke USA Residential was established by Westbrooke Alternative Asset Management ("Westbrooke") in 2016 (who remain a c.23% shareholder), with a mandate to invest into a diversified portfolio of multifamily and other niche multifamily residential properties across the USA alongside established, US-based operating partners.

The Fund invests into a **diversified portfolio of assets** across America, with a focus on **generating strong risk-adjusted returns** in the form of a quarterly cash flow from operating income and capital appreciation by enhancing the value of the underlying properties owned. Since inception, the Fund has **achieved average annual distributions of 5.4% p.a. and an overall investment IRR in excess of 12% p.a.**

The Fund is structured as a regulated BVI Private Fund and is administered by Sanne Group in Jersey. Funds flow in to and out of the USA in a tax efficient manner, negating the adverse impact of US withholding taxes on foreign payments and ensuring that **Fund investors have no US taxation, reporting or other obligations.**

fund composition

\$200m	1,350	5.4%	12%+	4	67%	3.1%
Gross property value across 7 properties in 3 states	Residential units in the portfolio	Average annual cash-on-cash yield achieved to date	IRR achieved to date (based on current portfolio valuation)	Experienced and trusted partners that we invest alongside	Average LTV across the portfolio	Fixed rate debt on latest investment, with an average Fund LTV of 67%



why westbrooke?

Founded in 2004 and with offices in Johannesburg and London, Westbrooke invests and manages capital in multiple geographies on behalf of its shareholders and investors in Private Equity, Venture Capital, Private Debt, Hybrid Equity and Real Estate. **We manage approximately R6bn of shareholder and investor capital invested predominantly in SA, the UK and USA.**

Westbrooke Alternative Asset Management was established as a multi-asset, multi-strategy manager of alternative investment funds and products structured to **preserve and compound our clients' wealth to cement their future prosperity.**

Our team is comprised of experienced entrepreneurs and investment professionals who apply a broad range of experience and skills to deliver investment opportunities which offer a simple investable outcome – predictable, sustainable, risk managed long term returns for investors in an increasingly complex environment.

We have a heritage as a shareholder and operator of assets, investing our own capital to develop and grow our businesses and assets. We believe our operational experience and expertise gives us and our investors a competitive advantage.

We are wholly committed to financial alignment. We invest materially alongside our clients and partners in all our funds and investments.

what is multifamily?

"Multifamily" is a classification of housing where **multiple separate residential housing units are contained within one building** or several buildings within one complex (and are typically subject to a single title-deed). These units are **rented out to tenants 365 days a year**, with leases varying in duration but typically lasting for a period of 12 months. Complexes generally contain communal amenities including clubhouses, pools and playgrounds.

Properties in multifamily are typically identified as class A, B or C depending on age, finishes, location, amenities and maintenance required.

key sector fundamentals



strong supply / demand fundamentals

A large element of the US population are **renters by necessity**, leading to very low vacancy rates



increasing cost to build new stock

Increasing US construction costs allows us to acquire existing stock below replacement cost, making it **hard for new products to compete**



annual rent growth in the region of c.3%

Driven by the unique sectoral supply / demand fundamentals, thereby **increasing property valuations and operating yields**



attractive funding from US government-linked institutions

Taking advantage of **historically low interest rate, non-recourse funding** from Freddie Mac and Fannie Mae

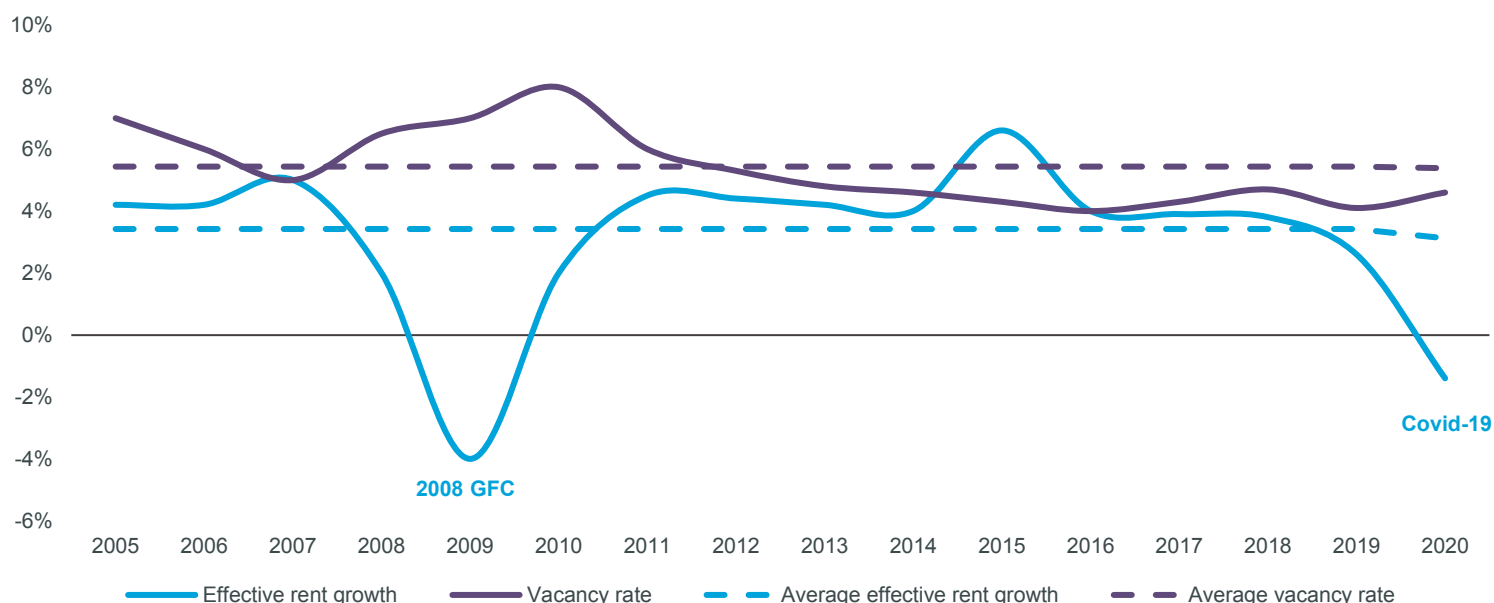


robust US property class

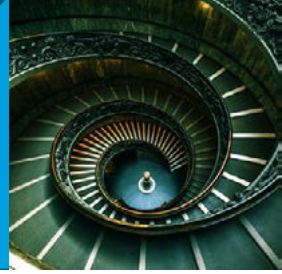
Resilient through the economic cycles, with the underlying assets having **performed well throughout Covid-19**

resilience through the economic cycles

One of the key attractions of US multifamily is its unique supply / demand fundamentals, which has resulted in it being **one of the most resilient US property classes through both the 2008 Global Financial Crisis and the current Covid-19 pandemic**, as is outlined in the graph below:



Source: CBRE



our US-based operating partners

The Fund currently benefits from the skills and expertise of four US-based, **deeply skilled and experienced operating partners**:



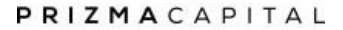
- Represented by Justin Goldberg (ex-SA), with over 20 years industry experience
- Acquired 2,900 units across 55 properties to date, which have appreciated in value by 40%



- Founded by Gavin Beekman (ex-SA), Michael Stein and Joe Ackerman
- Operating since 2009
- Acquired more than 35,000 units across 100 properties



- Represented by Tony and Justin Swartz (ex-SA), with over 34 years industry experience
- Focus on Southwestern USA
- Currently own more than 3,000 units across 12 properties



- Founded by Itzik Nachum and Roey Marom in 2010
- Boutique real estate investment firm focused on investments in the United States and Europe
- Acquired more than 5,200 residential units to date

existing portfolio overview



Connecticut Hartford portfolio: 604 units spread across four B-grade assets, purchased in late 2016 (the Fund owns 52%).

Strategy: renovations to increase property quality and monthly rentals.



Kennedy at Brooks City Base: 306 units in a A-grade property in San Antonio purchased in 2018 (the Fund owns 43%).

Strategy: new build with a specific tax dispensation under which no property-level taxes are payable.



Oxford at Sonterra: 246-unit B-grade property in the established area of Sonterra in Northern San Antonio (the Fund owns a 36% interest).

Strategy: acquisition from distressed seller.



Charleston Hall in Smyrna, Tennessee: 194-unit B-grade property in a fast-growing area, 25 minutes south of downtown Nashville (the Fund owns a 17% interest).

Strategy: renovations to increase property quality and monthly rentals.

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october 2020



frequently asked questions

What exactly am I investing in?

Investors acquire shares in Westbrooke US Residential, a BVI domiciled Private Fund.

Westbrooke USA Residential is registered as a Fund in the BVI and administered by SANNE in Jersey. The BVI Fund invests into US domiciled SPVs which hold the equity interest in each underlying property. As such, an investor in the Fund gains exposure to all underlying property investments at the prevailing NAV on the date of subscription.

What is the nature of the returns I receive?

Investors receive quarterly dividends from the Fund and may also incur a capital gain on repurchase of their shares on exit should the value of the portfolio increase.

What are the tax implications on receipt of dividends?

Investors are liable for the payment of tax in accordance with the provisions of the jurisdiction in which they are tax resident. There are no BVI tax implications on the payment of a dividend. Foreign dividends received by SA resident taxpayers are typically taxed at a rate of 20%.

If I invest, do I become a USA tax resident and / or are there any USA tax reporting requirements?

No, investors in the BVI Fund do not become USA tax residents and have no USA tax reporting requirements. The US SPVs serve as "blockers" for tax purposes.

How often do I receive dividends and updates on my investment?

Investors in the Fund receive dividends on a quarterly basis and receive detailed fund fact sheets / updates on a semi-annual basis (for the periods ended June and December each year).

How often is the underlying property portfolio revalued?

As a policy, the portfolio is revalued at the periods ending June and December each year (which matches the Fund subscription dates).

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