



OMNI PARTNERS

Alternative Investments & Innovation Allocation Strategies in a Low Rate Environment:

Improving Performance and Managing Risks

13 November 2015

Omni Secured Lending Strategy



## Identifying the Opportunity

### Recognition of Secular Shift

Ability of banks post-crisis to serve as transmission mechanism for money to flow into the real economy has suffered

- Encumbered banks impacted by regulatory changes
- Continued evolution of technology and emergence of new models for lending

### My pivot towards the private credit sector

Spent more than 25 years as an equity trader but decided to build an alternative lender from the ground up in 2009

- Entered equity markets as a prop trader in 1986
- Founded Omni in 2004, with a focus on hedge fund strategies trading liquid investments
- Opportunity presented after the global financial crisis was staggering – we had capital to allocate and no legacy issues to contend with

### Opportunity to take market share

Funding disappeared on a wide scale from certain markets, so lenders with capital could operate from a position of strength

### Identification of Short-term Property Lending Opportunity

Recognised increasing reliance of borrowers in the UK on alternative lenders

- Underwriting decisions increasingly centralised within banks, leading to inflexibility and slow processing speed
- Uncertainty of finance presents issues for sophisticated property investors
- Borrowers willing to pay a premium for speed and certainty of funding



## Omni Partners LLP London-based Asset Manager

Founded in 2004

Manage nearly \$860 million<sup>1</sup> across three strategies open to external capital:

**Omni Event** - equity event-driven focus

**Omni Macro** - thematic discretionary macro strategy

**Omni Secured Lending** - short-term UK property lending

### Amicus Finance plc Fully-owned Subsidiary

Captive origination platform  
£500+ million of lending since  
2009

Internal capital supported by  
diversified external funding  
sources

### Brookland Partners LLP Minority Stake

Pan-European CRE debt  
origination and advisory  
services

### P-2-P & Lending Platforms PE Investments

<sup>1</sup> as at 31 October 2015. Assets managed include those directly managed by Omni Partners LLP, as well as those in a securitisation vehicle managed by a subsidiary.

Signatory of:





## Case Study: Omni Secured Lending Fund II

---

### Background

- Market opportunity identified in wake of GFC
- Inverted yield curve in UK property lending: shortest duration attracts highest yield
- Set-up short-term lending origination platform – Amicus
- Origination in excess of £30 million per month

### Lending Profile

- Loan Duration: 6 to 18 months
- Security-backing: hard assets – UK property
- Borrowers: sophisticated property investors
- Loan-to-value: max 70%
- Monthly pricing: 0.9% to 2%
- Granular portfolio: avg loan size £700k

### Portfolio Size

- Overall exposure \$422 million
- Diversified funding sources:
  - Related-party capital: \$82 million
  - Omni Secured Lending Strategy: \$195 million
  - Securitisation: \$145 million

### Market Characteristics

- Premium pricing for speed and certainty of execution – avg annual yield 15.2%
- Loans priced for risk – experienced specialty lending expertise required
- Strong security coverage – full recourse market and creditor-friendly legal system
- Compelling historic credit performance – principal loss suffered on ten loans to date (<0.2% of capital lent)

### Risk Management

- Strong underwriting provides initial protection
  - Primary focus on asset
  - Secondary considerations: exit viability and borrower creditworthiness
- Proactive servicing and collections support underpins credit decisions
  - Exit strategies actively monitored
  - Recoverability proactively assessed if enforcement becomes necessary
  - Hands-on experience in working loans out



# Omni Secured Lending Fund I & II Historical Returns

## Omni Secured Lending Fund II Track Record\*

Current Net IRR: 11.05%<sup>e</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2015</b>	-	-	-	0.56%	0.88%	0.93%	0.81%	0.88%	0.92%	0.95% <sup>e</sup>			<b>6.19%</b>

e – estimate

## Omni Secured Lending Fund I Track Record\*\*

Current Net IRR: 10.78%<sup>e</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2015</b>	0.87%	0.71%	0.73% <sup>(3)</sup>	0.93%	0.81%	0.80% <sup>(4)</sup>	0.73%	0.45%	0.68% <sup>(5)</sup>	1.00% <sup>e</sup>			<b>7.95%</b>
<b>2014</b>	-	0.17%	0.65%	0.67%	0.84%	0.99%	0.95%	1.04%	1.06% <sup>(1)</sup>	1.04%	1.11%	0.97% <sup>(2)</sup>	<b>9.49%</b>

e – estimate

Distribution of proceeds schedule:

- (1): 1% of total capital commitments (comprises 1% interest)
- (2): 5% of total capital commitments (comprises 5% interest)
- (3): 42% of total capital commitments (comprises 3% interest)
- (4): 21% of total capital commitments (comprises 5% interest)
- (5): 21% of total capital commitments (comprises 7% interest)

\*Class A GBP fund returns net of 1.5% Management Fee / Servicing Fee, 10% Performance Fee (with 8% Preferred Return), fund expenses and any FX hedging related costs. Past performance does not necessarily give a guide for the future

\*\*Class A fund returns net of 1.5% Management Fee / Servicing Fee, 10% Performance Fee (with 8% Preferred Return), fund expenses and any FX hedging related costs. Past performance does not necessarily give a guide for the future



## Identifying Institutional Partners

---

### **Demand for yield in the current environment:**

Institutional investors struggling to meet required returns without taking undue risk

### **Mainstream adoption of private credit strategies by institutional investors**

Private debt and alternative lending strategies gaining traction with allocators

- Part of alternatives allocation for most investors today
- Investor education remains a challenge
- Industry will reach scale when allocations transition into fixed-income bucket

### **Access to pools of unique risk-balanced alternative credit assets**

We are seeking institutional partners who recognize the scale of the opportunity and want to be ahead of the pack

#### **Omni Secured Lending**

- Vintage II open now – upcoming closes 1 Dec & 15 Jan
- Short duration and quarterly distributions
- Launch of Vintage III in Q2 2016

#### **Co-investment**

- Opportunities to partner with our existing funders on one-off deals

#### **Bespoke Mandates**

- Opportunity to extend our business into agencies identified
  - Within real estate – longer-dated lending and larger tickets
  - Other areas such as equipment finance, factoring/invoice discounting, etc.
- Pursue other primary origination markets driven by investor demand & requirements (duration & yield)



## Contact Information

---

### Marketing & Investor Relations Contacts

#### **Omni Partners LLP**

5 Golden Square  
5th Floor  
London W1F 9BS  
UK

### Omni Lending & Credit Strategies Coverage

#### **Elissa Kluever**

Phone : +44 (0)20 3540 1613  
Email: e.kluever@omni.co.uk

#### **Sarah Brakebill**

Phone : +44 (0)20 3540 1648  
Email: s.brakebill@omni.co.uk

#### **Sophie Salinas**

Phone : +44 (0)20 3540 1623  
Email: s.salinas@omni.co.uk



## Disclaimer

---

This document has been prepared by Omni Partners LLP (“**Omni**”) to provide you with information in relation to the activities of, and services provided by, Omni (the “**Activities**”) and may not be used or reproduced for any other purpose. This information set forth herein (the “**Information**”) does not purport to be complete. No person has been authorised to make any statement concerning the Activities or Omni other than as will be set forth in this document and any statements made that are not contained therein may not be relied upon.

We are providing the Information to you for information purposes only and without representation or warranty, express or implied, by us as to its accuracy or completeness and without any responsibility on our part to revise or update the Information. As a condition for providing this Information, we make no representation and shall have no liability in any way arising therefrom to you or any other entity (for any loss or damage, direct or indirect, arising from the use of this Information).

This document is confidential and is intended solely for the information of the person to whom it has been delivered. It may not be reproduced or transmitted, in whole or in part, to third parties except as agreed in writing by us. In addition, you agree that, promptly upon our request, all copies of the Information furnished to you will be promptly returned to us and you agree that all intellectual property rights subsisting in the Information provided do not belong to you.

In considering any performance data contained herein, each prospective client should bear in mind that past performance is not indicative of future results, and there can be no assurance that the Activities undertaken on behalf of such investor, client or partner will achieve comparable results. In addition, there can be no assurance that unrealised investments will be realised at the valuations shown as actual realised returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. Nothing contained herein should be deemed to be a prediction or projection of future performance of future Activities undertaken on behalf of prospective clients.

Except where otherwise indicated herein, the Information provided herein is based on matters as they exist as of the date of preparation and not as of any future date and will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing or changes occurring after the date hereof.

Certain information contained in this presentation constitutes “forward-looking statements” which can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “except”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue” or “believe” or the negatives thereof or other variations thereof or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of future Activities undertaken on behalf of prospective investors, clients or partners may differ materially from those reflected or contemplated in such forward-looking statements.

Nothing contained herein should be construed as legal, investment, accounting or tax advice. Each prospective client should consult its own attorney, business or investment advisor, accounting adviser and tax adviser as to legal, business, accounting, tax and related matters concerning the information contained herein. Prospective investors, clients or partners should make their own analysis and decisions of the information contained herein, independently and without reliance on the Information or on us and based upon such investigation, analysis and evaluations, as they deem appropriate.

This document has been prepared and issued by Omni Partners LLP is authorised and regulated by the Financial Conduct Authority, is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser and is a commodity pool operator and commodity trading advisor subject to regulation by the Commodity Futures Trading Commission (“CFTC”) and National Futures Association (“NFA”). This document is being issued inside and outside the United Kingdom to and/or is directed at persons who are both (a) professional clients or eligible counterparties for the purposes of the FCA Conduct of Business Sourcebook (“COBS”) and (b) of a kind to whom the Funds may lawfully be promoted by a person authorised under the Act by virtue of Section 238(5) of the Act and Chapter 4.1.2 of COBS. The investments and investment services to which this document relates are only available to the persons referred to above and other persons should not act or rely on it. In the United States or for the account of U.S. Persons, (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “Securities Act”)) this document is directly only at persons who are “qualified purchasers”, (as defined in the United States Investment Company Act of 1940, as amended (the “Companies Act”)) and “accredited investors” (as defined in Rule 501(a) under the Securities Act).

The firm is a limited liability partnership incorporated in England and Wales with registration number OC309760 with its registered office at: 5 Golden Square, London W1F 9BS.