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Huddle Capital Group
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1. EXECUTIVE SUMMARY

Over the years, the Group has originated a substantial portfolio of loans to a range of creditworthy and professional borrowers.

The Group offers investors the opportunity to invest in high calibre debt deals to make market beating returns on their investments.

Huddle works to achieve fair returns for investors whilst also to provide support to UK businesses, which haven't been given the finance to grow. By connecting the two together, businesses are given the opportunity to thrive, and investors access to attractive returns on their savings.

2. MARKET TRENDS & ACTIVITIES OF THE COMPANY

The Market Opportunity

Experienced private and institutional investors, be they contemporary or traditional, are turning to alternative asset classes as part of a balanced portfolio, especially in light of the current low yield environment in the debt markets. The small and medium sized lending market offers significant opportunity for investors to earn high yields given the higher perceived 'risk' in this sector. There is a substantial gap being left open by traditional lenders, who are often constrained by regulation, a low risk appetite and complex internal processes.

Huddle's Approach

Huddle fill this gap which benefits not just the organisation, but its investors and a large number of SME's who were previously unable to access finance to grow their businesses. The Company's senior management team has approved in excess of £100million of lending to SME's and due to the quality of credit risk underwriting and debt management process, with bad debt records at less than 2%.

Investor Access

The Company allows investors the opportunity to participate and gain exposure to this new SME lending asset class. The Company actively engages with all types of investors, ranging from individual high net worth individuals to the more traditional investment houses, as well as partnering with banks to explore innovative solutions to meet their lending needs.

Secured Lending

The loans made by the Company are secured business loans, aiming to help high quality SME's finance working or expansion capital requirements. The facilities are secured by property assets and personal guarantees.

Diversification

The Company advances a broad spread of secured loans to achieve a diversified portfolio across all borrowers. Within the Huddle rolling facility, funds are deployed on a discretionary basis over a combination of deals with varying security: 1st charge, junior and mezzanine debt, residential and commercial property.

3. HOW WE WORK

We only want to offer our investors highly curated lending opportunities, with this in mind we have a stringent assessment process in place for our loans.

Some of the core features we look at when accessing and approving a loan, are the following:

SHORT – MEDIUM TERM MATURITY

The loans we make typically range from 6 to 24 months. Short-medium term financing is naturally self-liquidating, as there are multiple take-outs due to the variation of underlying loan terms. This ensures loan capital is regularly returned to investors.

SECURITY & COLLATERAL

The quality of the underlying loans we make are enhanced by using tangible assets (usually property) as security. We work within strict parameters and a maximum LTV of 80%, with the majority of loans falling beneath that threshold.

EXIT

We prefer to lend to borrowers that have a clearly defined exit strategy. This allows us to control cashflow and manage repayment expectations as well as assess the credit risk of each borrower.

4. OUR OFFERINGS

We operate our loan offerings within two models:

Syndicated Loan Structure

This structure captures all larger loans (in excess of £1,000,000) underwritten and funded by Huddle Capital Group. These deals are allocated within in a separate SPV within the Group, and then funded, ringfenced and securitised independently for all investors that have directly funded the loan. These deals tend to be more difficult to source, but offer great security packages and return rates.

Huddle Capital Group offers investors the opportunity to directly participate in these larger deals that they would not easily be able to otherwise.

Diversified Portfolio Loan

This structure captures all smaller loans (less than £1,000,000) underwritten and funded by Huddle Capital Group, within a predefined investment criteria. The Portfolio creates a great level of diversification for both Huddle internally but all investors that desires exposure to a higher number of smaller value loans.

It is important that you understand if a borrower is unable to repay their interest and/or principal payments, any outstanding capital is at risk and lending through the Huddle Capital Group is not protected by the Financial Services Compensation Scheme.

5. USE OF FUNDS

The Company use the proceeds of the funding to make loans in SME businesses in line with its investment criteria and within the core parameters set out below.

Borrower loans to SME's are for the purpose of providing growth capital with:

- a Loan Size of between £1m – 10m (Syndicate Loans) and £50k - £1m (Diversified Portfolio Loan)
- a Loan Term of between 3 months –18 months
- a repayment method of interest only (a full bullet repayment) or interest & capital
- a property asset- backed security suite
- and a personal guarantee to support the loan.

Each borrower loan agreement is governed by and enforceable under English law and contains customary representations and warranties from the Borrower to the Company. The coupon of the loan varies dependent on the rest of all of the other factors but will have a minimum threshold above the maximum interest offered to lenders and set out and approved by the Credit Committee.

6. OUR TEAM

LOUISA KLOUDA
CHIEF OPERATING OFFICER

Louisa started working with Huddle Capital in 2020 and looks after all investor relations and capital raising efforts for the business. Previously, Louisa operated the Broking and Dealing desk for a London based corporate brokerage and worked on a wide range of merger and acquisition transactions and investment product structuring projects. After identifying a gap in the market for small ticket litigation funding, Louisa decided to set up Fenchurch Legal, a litigation finance business which is now partly owned by Huddle Capital. Louisa is bilingual in English and Greek, and holds a BSc in Maths & Economics from Newcastle University and the CISI Level 4 Investment Advice Diploma (Securities).

TONY PICKTHALL
FINANCE DIRECTOR

Tony has a background in practice accountancy and worked in a PE backed business rescue and turnaround boutique for 6 years where he joined as a national accounts manager and worked his way up to become their Finance Director. Tony then went on to work for a construction company based in the City of London. Two years after, Tony was headhunted to join the Huddle as a Group FD overseeing all aspects of finance across the Huddle Capital Group and its various other interests.

LUKE JOSEPH
MANAGEMENT ACCOUNTANT

Luke is a practice-trained qualified accountant with over 8 years' experience providing statutory compliance and advisory services to SMEs across a wide range of industries, including the financial services sector. Previously he was at a London-based mid-size practice, where he oversaw a portfolio of over 50 SME clients from start-ups to well-established companies, controlling the finance functions from the ground up and providing them with strategic advice. Luke is responsible for all finance matters such as statutory accounting, audit compliance, forecasting, and management reporting. As well as this, he is actively involved in the initial due diligence and ongoing monitoring of the borrowers.

MATT HAYCOX
BUSINESS DEVELOPMENT DIRECTOR

A career entrepreneur, Matt was borrowing money long before he was lending it. These insights as both borrower and lender have been instrumental in helping Huddle originate and structure deals that are both appealing for borrowers and secure for investors. Matt likes to think of himself as one of the UK's best networked individuals, which provides Huddle with a constant flow of borrowers, investors and other business owners to transact with.

7. CASE STUDIES

Huddle's management team has enduring relationships with its various UK SME clients. Their model is sufficiently flexible to accommodate the business of different borrowers but with rigorous application of the structuring processes, which enables them to create strong security for the Company.

CASE STUDY 1:

BORROWER REQUIRED THE LOAN TO PURCHASE ADDITIONAL STOCK AT PREFERENTIAL PRICING

Facility Highlights:

- Borrower is a family owned business with a 20 year trading history in the building supply sector.
- The borrower has the opportunity to purchase a bulk order of a particular building stock in a bulk volume but at discounted price.

Huddle's Financing Advantages:

- Strong trading activities in the Borrower; established and family owned.
- Stock purchase is of an 'every day' building supply, so the customer demand is identified.

Client Details:

Domicile	United Kingdom
Business	Building Supplies
Supplier	American / European / UK Manufacturers
Customers	Blue Chip companies as well as local Building & Construction Firms

Facility Terms:

Facility Type	Purchase Order Finance
Facility Size	£75,000
Security	1st Legal Charge over unencumbered Property & Land Personal Guarantee and Indemnity from the two Directors
LTV	12.5% taking into consideration the valuation of the Property/Land
Credit Committee Notes	Business cashflow serviceability of a new loan should be limited to £75,000 over 2 years with weekly payments. Personal security suite is considered strong, Overall risk is considered 'acceptable'.

CASE STUDY 2:

Client Details:

Business	Digital Printing Company

Facility Terms:

Facility Type	2nd charge property bridge
Facility Size	£178,000
LTV	52%
Term	3 months

Background: The client runs a print business and had a loan with another lender that had come to the end of its term. The incumbent lender was not willing to extend their term (standard policy for them) so rather than be under unnecessary pressure to sell their property in a rush, the client approached us to refinance their existing loan. As with most of our loans, speed was a huge selling point in this case, and the loan paid out within 10 days of being introduced to us. Whilst a property sale was the original proposed repayment route, the borrower ended up getting a long- term mortgage from a mainstream lender which was used to repay us, with the client deciding to retain the property rather than sell it.

CASE STUDY 3:

Client Details:

Business	Property Development Company

Facility Terms:

Facility Type	2nd charge property bridge
Facility Size	£400,000
LTV	70%
Term	6 months

Background: The client was purchasing a large development site with planning for circa 100 homes. As the purchase ran on for longer than expected excess fees were incurred which the client had insufficient funds to cover. We were approached days before the deal was due to complete and asked to provide a bridging loan to cover the shortfall. Working with the client and the main funder we were able to complete the legal process and provide the necessary funds in less than 2 weeks. The client ultimately repaid us using a new development finance loan once they had progressed the development enough to be able to refinance it.

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