

# London Bonds

- ▶ Watch explicative video
- ▶ Watch Q&A video

## Everything an advisor needs to know before accepting to distribute this offer

### How much time does it take to learn the essentials of this offer?

30 minutes

### What are the documents you should know and review first?

- The video presentation
- The fact sheet
- The legal information (Investment Memorandum)
- The educational white paper

### Key points

- The issuance is 50,000,000 GBP.
- The company was created in 2019.
- Investors can invest from 10,000 EUR, GBP or USD.
- Investors can choose between income loan notes or capital growth loan notes.
- Income loan notes pay quarterly interest of 10% per annum or 12% per annum (min. 250,000).
- Capital growth loan notes pay 12% per annum at the end of 3-years.
- The offer was launched in December 2019.
- The loan note maturity is 3 years.

### How should you present?

#### Short pitch

- Do you know what the biggest threat to property owners in the UK is?
- In the United Kingdom, many people get into financial difficulties and can't afford to pay their monthly mortgage payments. When this happens, the lender will try to agree revised payment plans with the borrower, but if this fails, they will start repossession proceedings through the courts.
- After the property has been repossessed, the bank will sell the property through an auction in this situation the owners of the properties often lose all their money in the property and if there is a shortfall, they can become bankrupt. Their credit file will also be seriously impacted, making it almost impossible for them to buy another property for at least 6 years.
- London Bonds is a Residential Property Investment Company that specialises in buying properties in London.
- When London Bonds purchases properties from distressed sellers, the company buys these properties at between 20% and 50% below the market value. The advantage for the homeowner is that the property is not repossessed and it saves them from potential bankruptcy.
- Investors can invest from 10,000 EUR, GBP, or USD for 3 years and get a 10% interest payment. If they prefer capital growth, they can receive 12% per annum paid upon maturity.
- Those who are ready to invest the minimum of 250,000 will receive income of 12% a year paid quarterly.
- Would you allow me to show you this solution in more detail during a quick meeting / call?

#### Long pitch

- In the UK, when borrowers take a mortgage to buy a house, they pledge their house to the lender in case they cannot meet the monthly mortgage repayments.
- Unfortunately, many people get into financial difficulties and can't afford to pay their monthly mortgage payments. When this happens, the lender will try to agree revised payment plans with the borrower, but if this fails, they will start repossession proceedings through the courts.
- When the lender has obtained a repossession order from a court, they will sell the property at auction and seek compensation from the borrower if there is a shortfall. If the borrower cannot pay the shortfall, they will become bankrupt.
- In the last few years, the number of house repossessions in the UK was between 5,000 and 10,000 per year. The Covid-19 pandemic put a lot of people in a worse financial situation, and it is now expected that the number of repossessions in the UK will significantly increase during 2022.
- London Bonds offers borrowers a solution that avoids repossession. They offer to buy their property at a

valuation of 50-70% of the current market value. Using this money, the borrowers can pay off their mortgage and often retain a small deposit to buy a smaller house.

- After purchasing a property, London Bonds will implement one of three exit strategies to generate profits: quick sale, refurbish and sale, refurbish and refinance.
- The London real estate market is one of the most popular and resilient investment markets in the world. Do you know how many new homes a year would be needed to meet the demand? 77,000. This is creating a tremendous opportunity for investors.
- London Bonds is seeking to raise up to £50M through their loan notes to take advantage of excellent investment opportunities in the London residential property market.
- The company has already carried out a number of successful projects. For example, the company purchased a four-bedroom semi-detached house for £505,000 from a distressed seller in severe financial difficulty. The property was refurbished for £98,000 and sold for £725,000 resulting in a profit of £122,000 and ROI of over 20%.
- Investors may invest as low as 10,000 and choose between an income of 10% a year paid quarterly for 3 years or a capital appreciation of 12% a year paid at the end of the third year. Those who are ready to invest the minimum of 250,000 will receive an income of 12% a year paid quarterly.
- What would you like to know next?

#### In summary

- An opportunity to benefit from a reliable business model and one of the most resilient real estate markets in the world.
- The guarantees are solid with properties as collateral and an independent security trustee that has a first charge, not only on the real estate but also on the cash in the company.
- Investors can invest from 10,000 EUR, GBP, or USD.

#### What are the criteria to evaluate the quality of the offer?

##### 1 - The business model

Buying real estate at a lower price than its current market value is a sound and resilient business model. Having three exit strategies makes the business model even stronger.

##### 2 - London real estate market

London real estate market is one of the most resilient markets in the world. London remains a stable and prospective market, ranking number one in Europe as a city for investment, even during recessions and downturns.

##### 3 - The repossessions are increasing

Because of the Covid-19 pandemic, there is a trend for an increase in repossessions on which the business-model is based: according to the forecast, provided by UK Finance, home repossessions may increase significantly to over 20,000 per annum.

#### What makes this offer a serious one?

- The underlying asset class is real estate. It is one of the most secure asset classes.
- The directors of London Bonds have been operating in the London market for over 20 years. They have previously identified and purchased over 40 properties in London and made a gross profit of £6.9m.
- Blue Water Capital, the independent security trustee and receiving agent, will have a fixed legal charge over all the company's assets, including any properties purchased and any funds on account.

#### Why is the management qualified to deliver?

Management team has significant experience in investing and real-estate, as well as profound entrepreneurial and managerial skills.

- Yadwinder Gill (Head of Real Estate) has over 25-years' experience of buying and selling investment properties in London. He owns a large

personal property portfolio and is constantly sourcing the best investment properties in London.

- Chris Lynn (CEO) has over 20-years of Real Estate investment and development experience. He manages the international agents and is the first point of contact for investors.
- Andrew Thompson (President) has many years of experience in the London Real Estate market and purchased his first London investment property over 20 years ago in 1998.

#### What kind of clients are investing in this opportunity?

High-net-worth individuals and sophisticated investors who are looking for:

- diversified investments
- a regular stream of income
- reduced market volatility for their portfolio
- hedging against inflation
- an attractive yield
- private debt instruments with strong security

#### What are the top 3 arguments?

##### Arguments related to the company

- London is one of the most heavily invested cities in the world when it comes to real estate.
- London is one of the most resilient real estate markets in the world with strong long-term capital growth.
- Investors can participate from as low as 10,000 GBP, EUR or USD with very strong security.

##### Arguments related to the investors' portfolios

- Investors may invest as low as 10,000 EUR, GBP or USD for just 3 years.
- The coupon is paid directly to the investors' bank account which can create a stream of revenue.
- The value of investors' loan is not impacted by markets valuations.

#### What questions might prospects ask and how can you answer them?

##### What insurance is provided over the properties purchased by London Bonds?

The properties are fully insured by an insurance company in the UK. In the event of property damage, the insurance company will pay the full amount required to rebuild or repair the property.

##### Does London Bonds borrow money from banks to buy real estate?

London Bonds uses various sources of funding including bank loans, bridging loans, equity financing and loan notes. Loan Notes provide flexible financing for the company and is one of the preferred sources of funding.

##### What happens if a property is acquired below market value but cannot be sold at a profit?

The London real estate market is very liquid and the directors of London Bonds have a great deal of expertise in this market. The company only buys real estate it knows it can sell quickly. In the unlikely event a property could not be sold, it would be refinanced at 75% loan to value and this would be the exit strategy.

##### What has been the impact of Covid-19 on the real estate market?

Covid-19 had little negative impact on real estate prices in London and in fact prices in London have risen by 4.8% in the last 12 months to May 2022. The key advantage for London Bonds is that the number of repossessions is increasing rapidly providing many more opportunities.