



LONDON REAL ESTATE SECURED INVESTMENT

“You can never go broke by taking a profit”

*Mayer Amschel Rothschild,  
the founder of the Rothschild family international banking dynasty  
that became the most successful business family in history.*

## Ideology

A Consulco Finance client can acquire short-term, fixed income investments, secured against London immovable property. The main characteristics of this alternative investment are as follows:

- Consulco Finance provides short term bridging loans to the London investment and business communities secured by a first legal charge against London real estate.
- Consulco Finance uses its own funds to provide the loans.
- The loans are up to 70% of the value of the property, with the loan period being a minimum of 3 months and a maximum of 18. The annualized interest rate applied on the loans ranges between 10 - 12%.
- Once a loan has been provided and the London property is charged as the security for the respective loan, Consulco Finance clients can review the loan terms and the property security and invest in the existing loan with Consulco assigning the loan to the investor with an interest of up to 8%.





**Usually, the purpose of the loan is to:**

- Facilitate a property investment acquisition from an auction or private sale until re-financing from a main-stream retail bank takes place, with a full loan repayment effected.
- Complete a property development project by raising equity on other free of loan properties, with the full repayment taking place with the sale of the developed property.
- Meet a one-time personal or business expense like inheritance tax or corporation tax, with the full repayment taking place with the sale of one of the properties.

Consulco Finance does not provide loans where the property offered as security is the primary residence of the loan applicant.

### **Loan to Value**

Consulco Finance provides finance to prospective borrowers having a first legal charge against London properties for a maximum of 70% of the property value or acquisition cost, whichever is lower.

### **Length of investment period**

Generally speaking, because of the high interest applied, the loans are short term, with the minimum period being three months and the maximum period being eighteen months.



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## UK Legislation Relating to Property Security Enforcement

### **Liberal Interest Regime**

Interest rates are established between a borrower and a creditor and are not controlled or influenced by regulations and state interventions.

Loans made to individuals or companies secured by residential property that is not the borrower's principal residence are not regulated in the UK.

### **Charging the property as security**

Our appointed law firms ensure that a first legal charge is placed over the property as security simultaneously with the loan drawdown. The charge is registered with the land registry and removed only upon the full loan and interest settlement. During the charge period the property cannot be leased, rented, mortgaged or sold without our written consent.

A first legal charge on the property is the most simple, straightforward and satisfactory type of security. It is the easiest and most convenient to enforce if that proves to be necessary.

### **Repossession of property security in case of loan default**

UK legislation is very friendly to creditors allowing repossession of the property used as security swiftly and effectively. In cases of interest and loan repayment defaults, a Law of Property Act (LPA) receiver can be appointed to collect rents if any and sell the property to recover all money due to the lender. All receiver fees are charged to the borrower and deducted from the property sale proceeds.

Through its appointed receiver, Consulco Finance can take unilateral action to take control of the property, collect rents and sell it. No consent is required from the borrower and no court proceedings are required to re-possess and sell the security property. Interest continues to accrue during the receivership period until full settlement.

All receivers are licensed and have a professional indemnity for claims usually up to £5 million.

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## Due Diligence and Risk Management

### Property valuation

An independent property valuer inspects the property and provides a detailed valuation report for Consulco Finance at the expense of the borrower.

The valuation report provides the market value of the property that can be achieved within 90 days of sale. The report includes property comparables and other data to support the valuation.

Valuer selection is based on their qualifications and experience and they all have professional indemnity insurance for claims up to £10 million.

### Legal Due diligence Report

Experienced and qualified lawyers carry out due diligence regarding the title and ownership of the given property, to ensure there are no legal claims and provide their findings and recommendations in a report to us.

These law firms are selected and appointed by Consulco Finance at the expense of the borrower. All law firms used are selected based on their qualifications and experience and each has professional indemnity insurance for claims up to £3 million.

### Loan assignment

Consulco provides lending with its own funds, to expedite the loan arrangement. That gives investors the benefit to review the loan agreement, the property valuation, the legal report, the legal charge, the credit report on the borrower and other relevant information, before their investment decision.

Subject to their full satisfaction, investors can acquire the loan by assignment from Consulco Finance. Once funds are received in the designated Consulco Finance account, the loan assignment document will be executed by Consulco Finance with the original one provided to the client.

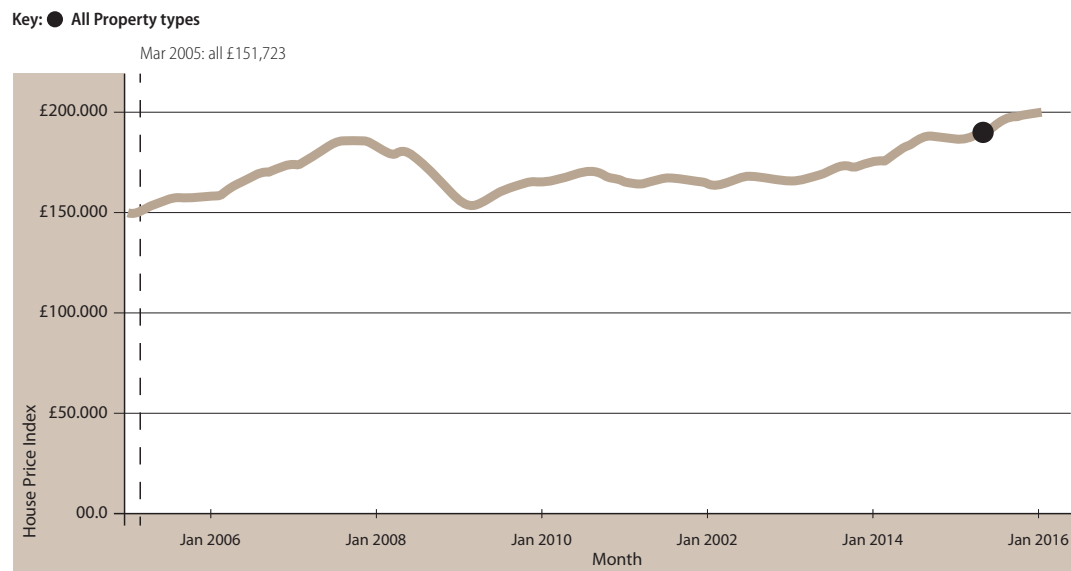


## London Properties as loan security

### London property market - transparency and stability

London is one of the most mature, transparent and liquid property markets in the world. Property prices are transparent with an abundance of information and data on property transactions taking place in the same street or area on comparable properties. London property prices are relatively safe, not subject to the same level of risks and fluctuations as the rest of the country and other European cities. That is mainly due to the fact that demand exceeds supply.

## House Price Index - Greater London Council



Source: Land Registry

Herein below we demonstrate the annual property prices increases and declines since 1995. At its worst recession point London property prices decreased by 14% and within the next year prices recovered by 10%.



## House Price Index - Greater London Council for January in every year from 1995 to 2016

Month	Index	Average Price (£)	Monthly Change (%)	Annual Change (%)	Sales Volume
January 1995	100	92,060	-	-	7,290
January 1996	100.7	92,741	-0.4	0.7	7,451
January 1997	109.6	100,886	1.8	8.8	10,476
January 1998	129.1	118,888	1.2	17.8	9,584
January 1999	141.6	130,362	0.7	9.7	9,039
January 2000	175.3	161,422	2.0	23.8	11,057
January 2001	198.1	182,336	1.1	13.0	9,643
January 2002	225.9	207,928	0.8	14.0	9,753
January 2003	271.2	249,661	1.3	20.1	10,807
January 2004	281.7	259,379	1.0	3.9	11,667
January 2005	297.2	273,633	-0.2	5.5	7,786
January 2006	304.3	280,176	0.8	2.4	10,444
January 2007	341.2	314,104	1.7	12.1	12,262
January 2008	381.6	351,261	0.5	11.8	8,211
January 2009	326.6	300,708	-0.9	-14.4	3,155
January 2010	360.9	332,207	3.4	10.5	6,232
January 2011	370.1	340,700	1.7	2.6	5,821
January 2012	378.6	348,553	1.7	2.3	6,419
January 2013	402.0	369,958	1.8	6.6	6,822
January 2014	93.45	178,182	0.12	6.24	80,747
January 2015	100	190,665	-0.52	7.01	71,600
January 2016	107.76	205,457	0.26	7.76	73,199

Source: Land Registry

The London property market, being much more liquid with its properties much more in demand than the rest of the country, has a substantially higher success rate of asking prices achieved and considerably shorter average selling time.



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## Consulco Finance Role

Consulco Finance undertakes to source the loan applicants, do all the due diligence checks, arrange the loan and the charge, assign the loan to the client, and carry out full administration of the loan up to and including the repayment. This work includes the following:

- Interview and profile of the loan applicant.
- Apply and obtain Credit Report on the loan applicant.
- Inspect the London property to be used as loan collateral, if required.
- Engage a Chartered Surveyor for an independent property valuation.
- Engage a Law Firm to carry out legal due diligence and produce the legal report.
- Attend to loan agreement execution, loan drawdown and first legal charge on property.
- Attend to interest and full loan repayment.
- Attend to communication with borrowers, initiate legal action if required, including property repossession, property sale, full interest and loan repayment and any related legal and other professional fees.

It is important for all investors to know that once they invest into the loan by accepting the loan assignment, all returns and risks associated with the given loan are transferred to them without any recourse available by or to Consulco Finance.

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## Disclaimer

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Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation and needs. The information contained herein has been obtained from sources that we believe to be reliable, but its accuracy and completeness are not guaranteed. Any examples shown are purely hypothetical and have been included for demonstrational purposes only.

The performance of, or any particular repayment of capital is not guaranteed. Returns linked to currencies may increase or decrease as a result of currency fluctuations. Tax treatments depend on the individual circumstances and may be subject to change in the future.

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