

THE JOINT EQUITY CO-OWNERSHIP BOND

INVESTOR RETURNS

Co-ownership bond gives investors an opportunity to earn a higher return than might be expected from buy to let whilst helping people live in their own home and to get on the housing ladder.

The Joint Equity definition of an Ethical Investment

- ✓ Joint Equity Co-ownership is an ownership structure which allows homeowners to buy the house they want with half the money they would normally need allowing people to get on the housing ladder earlier which in turn helps to ease the housing shortage.
- ✓ Through buying JEIP bonds you help our Resident Partners to leave the rental market, achieving their ambition to buy a home of their own when they cannot do it without our help.
- ✓ Unlike rented property the costs of Joint Equity are known to the Resident Partner and fixed in the Partners Contract for as long as they stay in their home. So none of the surprises often suffered by tenants in the rented sector.
- ✓ Bondholders in return get a higher return and lower risk than might be expected from the Buy to Let market.
- ✓ Its win/win for all Partners. The perfect definition of an Ethical Investment.

Bond holders also benefit from the general house price inflation as they receive an uplift on their original loan based on a share of the Halifax, when the loan is repaid.

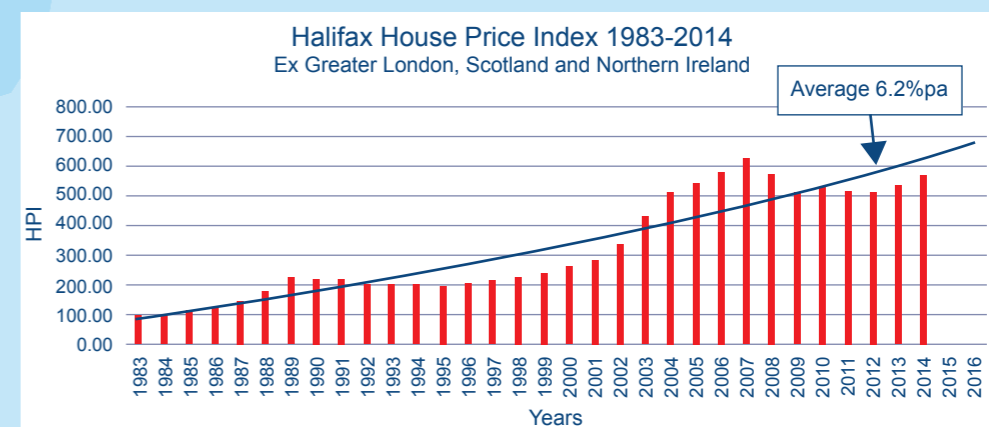
Throughout the life of the bond the investor gets a set annual income by way of interest on the sum invested rising from an initial

- 4.5% pa rising on each 5 year anniversary to
- 6.5% pa at the end of the bond
- Providing an average of 5.5%

There is a terminal bonus paid on redemption linked to the Halifax Property Index which at the average of historic UK property growth may add the equivalent of an additional 3% pa. Effectively an average of 8.5%.

The intention is to only invest in houses and flats in the UK but excluding Scotland, Northern Ireland and Greater London.

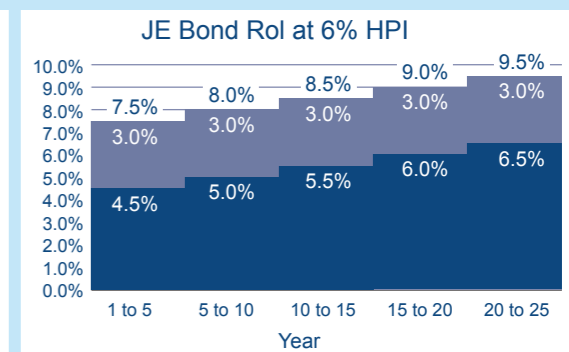
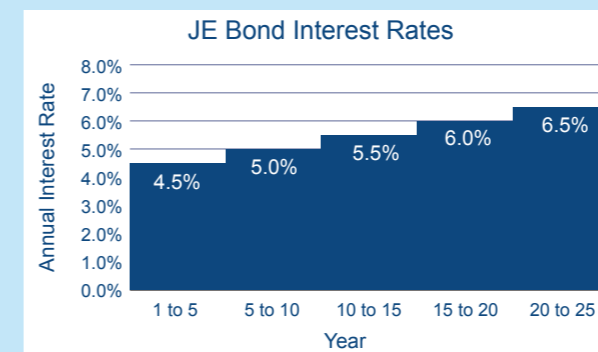
Over the last 31 years, the Halifax House Price Index has shown the following growth pattern for this subset of the UK market.



Investor Returns

The JEIP pays interest every quarter for 25 years that increases every fifth year through the receipt of payments from Resident Partners with an initial rate of 4.5% per annum rising half a percent every 5 years.

Based on a projected HPI of 6% per annum compound growth over the life of the bond, if we consider that capital return in addition to the income return, the total return to bond holders including the terminal bonus is effectively this total return pa.



For more information see the JEIP Bond web site [click here](#) where the Information Memorandum and Bond Instrument are downloadable and you can apply for a Bond.

Bonds are currently only available to investors defined as Professional Investors, High Net Worth or Self Certified Sophisticated Investors under Finance Services and Market (FSMA) Act 2000.

The Joint Equity structure is designed to assist people in buying their own home. This may be first time buyers who cannot save the full deposit needed or get a large enough mortgage for the house they want. It may be for divorced or separated individuals who need to find a new home, or it may be retired renters who have capital but not enough to own a house outright but who do not want to pay rent for their entire retirement.

The basic structure is very simple, the JEIP will jointly buy property with, the Resident Partner, using the tried and tested Joint Equity Partners Contract (the Co-Ownership Deed).

If the Resident Partner has the capital, the deal is simple. On a £140,000 purchase, JEIP puts up £70,000 and the Resident Partner puts up £70,000 to buy the asset.

If the Resident Partner needs a mortgage, then they simply borrow up to 90% of their share or 45% of the total price with the remainder being the Resident Partner's deposit. If they have a higher deposit they borrow less.

Joint Equity will assist the Resident Partner with their mortgage application, purchase of the asset and all other legal steps that are needed. With Joint Equity's experience and contacts they can take away a lot of the daunting hurdles some first time buyers encounter.

JEIP issues bonds to long term lenders and uses those loans to purchase the JEIP half of each property, thus securing those loans with real assets and pre agreed long term income.

JEIP benefits from any house price rises due to its 50% ownership and throughout the hold period of the asset, the Resident Partner pays a monthly fee to JEIP under the terms of the Partners Contract.

These payments rise over time but in fixed and manageable steps clearly stated in the Partners Contract, unlike renting where rents can rise faster than the occupier's ability to pay.

