



London Missional Housing Bond (LMHB) Risk Factors and Important Information

- 1. Loan Stock** - A loan stock is a type of fixed income security, a loan that is made to a company. Although the term loan stock or bond might suggest otherwise, the holder of a fixed income security is merely the company's creditor and does not have any say in their business. There are two types of fixed income security: - a. Loan stock, and b. Debenture. Unsurprisingly, loan stock is stock granted in exchange for a loan. The LMHB offered by Mission housing (MH) is unsecured loan stock which means that MH offers no collateral to guarantee that the loan will be paid. To do so would interfere with MH's ability to obtain mortgage and bank finance.
- 2. Investor Protection Notice** - MH is an Industrial and Provident Society (I&PS), registration number 17128R, engaged in the business of housing key workers of London churches. MH is registered with the Financial Conduct Authority and the full rules of the Association are available from the registered office on request. The information provided in this application requires your detailed attention. You should read the Terms and Conditions and details in this Notice before proceeding further. If you require advice you should consult a bank manager, solicitor, accountant, stock broker or Independent Financial Adviser authorised under the Financial Services and Markets Act 2000 (FSMA 2000). This communication is not intended to be distributed or passed on directly or indirectly to any other person. It is supplied to you and for your information only. MH is not an authorised body under FSMA 2000 and does not accept deposits. A LMHB is not covered by the Financial Services Compensation Scheme. MH is not a member of an Investor Protection Scheme.
- 3. Membership of MH** - London Missional Housing Bondholders are not, and are not deemed to be, members of MH. Bondholders are not entitled to receive notice of or vote at any meeting of the members of MH.
- 4. Industrial and Provident Societies** are exempt from the FSMA 2000 financial promotion restriction in respect of Bond Issue of Unsecured Loan Stock. Pursuant to Article 35 of the FSMA2000 (Financial Promotion) Order 2005 the financial promotion restriction does not apply to loan stock/bonds issued by MH as set out in paragraph 15 of the Schedule of the Order. MH has taken all reasonable care to ensure that every statement of fact or opinion included in this information is true and not misleading.
- 5. Data Protection** - See point 18 of the Terms and Conditions.
- 6. The Property Market** – MH's principal assets are in property ownership and management. The main MH property portfolio will be kept separate from those properties purchased for LMHB. However, a collapse in the property market could result in a significant write-down in the carrying values of the portfolio and may result in a breach of banking covenants. The MH bank loans are secured against some of the freehold property portfolio. The LMHB Steering Group consider that the overall level of gearing is manageable and the risk of a breach of covenant highly unlikely.
- 7. Unsecured Debt** – The Bond will be an unsecured debt of MH. In the event of MH entering into a formal insolvency process, Bondholders will rank equally with other unsecured creditors of MH and behind secured creditors and may not recover their full investment.
- 8. Interest Rates** – An increase in Bank interest rates could impact the surpluses generated by MH and its ability to service the debt or restrict its ability to raise bank debt in the future. Although LMHB will

not initially have any bank debt it is possible this will be used as a method to repay some of the bonds in the future so this issue could be significant for future issues.

9. **Redemption of Bonds** – This issue of a bond is contractually due for repayment at the end of the term stated in the Bond Certificate. Investors are advised that it is not possible to provide a formal guarantee but the LMHB Steering Group is confident that the repayment of bonds will be financed either by the issue of new bonds, low cost loans or ultimately the sale of the properties purchased. The LMHB Steering Group is confident of its ability to plan and manage the business and financial resources in order to repay the Bonds on their due date.
10. **Void**s – There is always a risk that properties purchased will have voids in the tenancies. There is a policy in place that the partner organisation for whom the property was purchased will underwrite any rent payable for voids. Therefore, it is not anticipated that loss of rent to pay management and maintenance fees will be an issue.
11. **Taxation** – Income tax is payable on interest paid on the bond and this will be deducted at source. The amount taken will be at the current HM Revenue and Customs rate. This is subject to change in accordance with any variation in tax law and practice, which may also affect any returns to bondholders.
12. **Risk Warning** - If you have any doubt about the action you should take or the suitability for you of applying to MH for a LMHB, you should contact your Independent Financial Adviser (authorised under FSMA 2000) or other appropriately qualified adviser, as mentioned in item 2 of this notice. Your holding of a bond should be seen as a **social investment**. Applying for a LMHB with MH is not suitable for anyone who needs income from investments or immediate access to their capital. There is always a risk that you could lose some, or all, of your LMHB. Mission Housing is registered with the Financial Conduct Authority who may be contacted at www.fca.org.uk.

For further information, please contact **Mission Housing, 8 Belmont Hill, London, SE13 5BD.**
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