

Making a Loan to Green Pastures Housing

INTRODUCTION

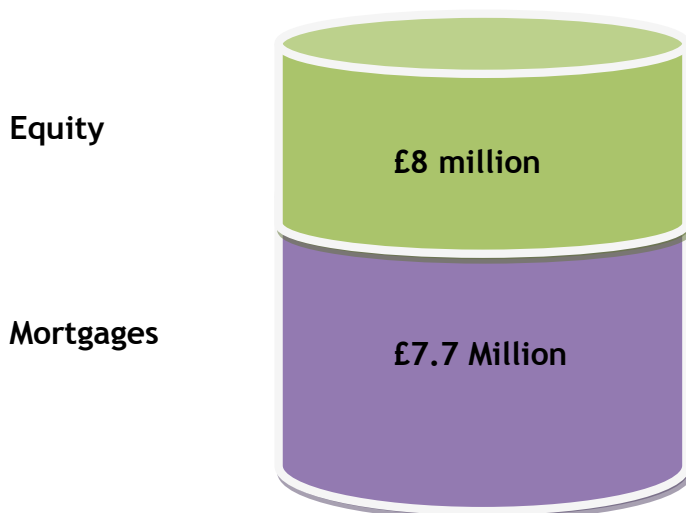
Green Pastures is an ethical initiative to house the homeless and poor without discrimination or favour. This is achieved through faith, partnership and innovation. Since 2004 individuals, churches and organisations have become stakeholders in the work of Green Pastures in the form of loans. In so doing, they have provided homes for homeless persons and families, whilst obtaining an attractive return.

All of this has been inspired by Green Pastures' vision to see the end of homelessness in the UK. To this end, the founders of Green Pastures established three integrated not-for-profit companies: Green Pastures North-West; Green Pastures East Midlands and Green Pastures South. Those considering loans are encouraged to deposit funds with one of these companies based on their location and regional interests.

NEW LOANS

Loans are used as part of the purchase fund for new properties and property refurbishment. There is no minimum for prospective loans and all loans since 2004 have received a 5% return.

OUR PROPERTY PORTFOLIO - £15.7 Million



EQUITY

Equity is comprised of long term capital growth (increase in the value of the property), property purchased below market value and loans made by stakeholders. In August 2008 our equity was valued at £7 million. In November 2008 this was conservatively written down by 30% to reflect the economic downturn. Our property is valued on a regular basis by survey evaluation companies.

BORROWING FACILITY

We have a borrowing facility of over £10 million for new purchases. Banks and mortgage companies will give mortgages of 60-75% of the purchase price. Our current mortgages are with Birmingham Midshires, Lloyds, Paragon, Natwest, Yorkshire, Kingdom Bank, Platform and Gmac. 60% of these mortgages are base rate trackers. 40% of these mortgages are fixed at between 5 and 5.5% (until October 2010). 30% of our mortgages are capital and interest repayment. Recent property purchases have been made for cash with loans made by stakeholders. We have an excellent track record with all our financial dealings with mortgage companies and banks.

OUR FINANCIAL MODEL

We need to cover costs on mortgage repayments, interest on investments (5%) and running costs. As a result, before each purchase, we calculate if the Local Housing Allowance (LHA) will cover these costs. Below is a worked example in respect of a property priced at £60,000.

Costings Per Annum	
Average 7% interest over 15 years (mortgage repayments & loan interest)	£4,200
Insurance and maintenance	£700
Administration	£490
Total Cost	£5,390

This purchase can proceed if the LHA equals or exceeds £5,390 p.a. (9% of the purchase price).

Maintenance and administration costs are kept low by efficiency, the resourcefulness of our partners and a culture of service. LHA is not expected to decrease. In fact, due to the recent restructuring of Housing Benefit, LHA rents have actually increased. If there was a sudden crash in rental prices, LHA would follow the market. However, even in the current climate where houses are flooding onto the market we have not noticed any decline in rental levels.

EXAMPLES OF GREEN PASTURES PURCHASES

Date of purchase	Property in	Beds	LHA income affords GP to pay £	What GP paid £
12/08	Pontefract	3	76,495	45,500
03/09	Hammersmith, London	1	121,000	119,000
03/09	Hammersmith, London	3	185,000	165,000
04/09	Bridgend	4	95,000	68,000
04/09	Bridgend	3	60,000	51,000
05/09	Reading	3	118,000	110,500

LOAN SECURITY

Our balance in loans is £3.5 million. Each loan is secured by the total value of Green Pastures' equity, but does not have a written charge against it. £300,000 of our loans will never be withdrawn and we have £500,000 worth of property that is unencumbered (mortgage-free). We are currently purchasing properties at 15-20% below market value and we operate at 10% liquidity.

EXCEPTIONAL REDEMPTION TERMS

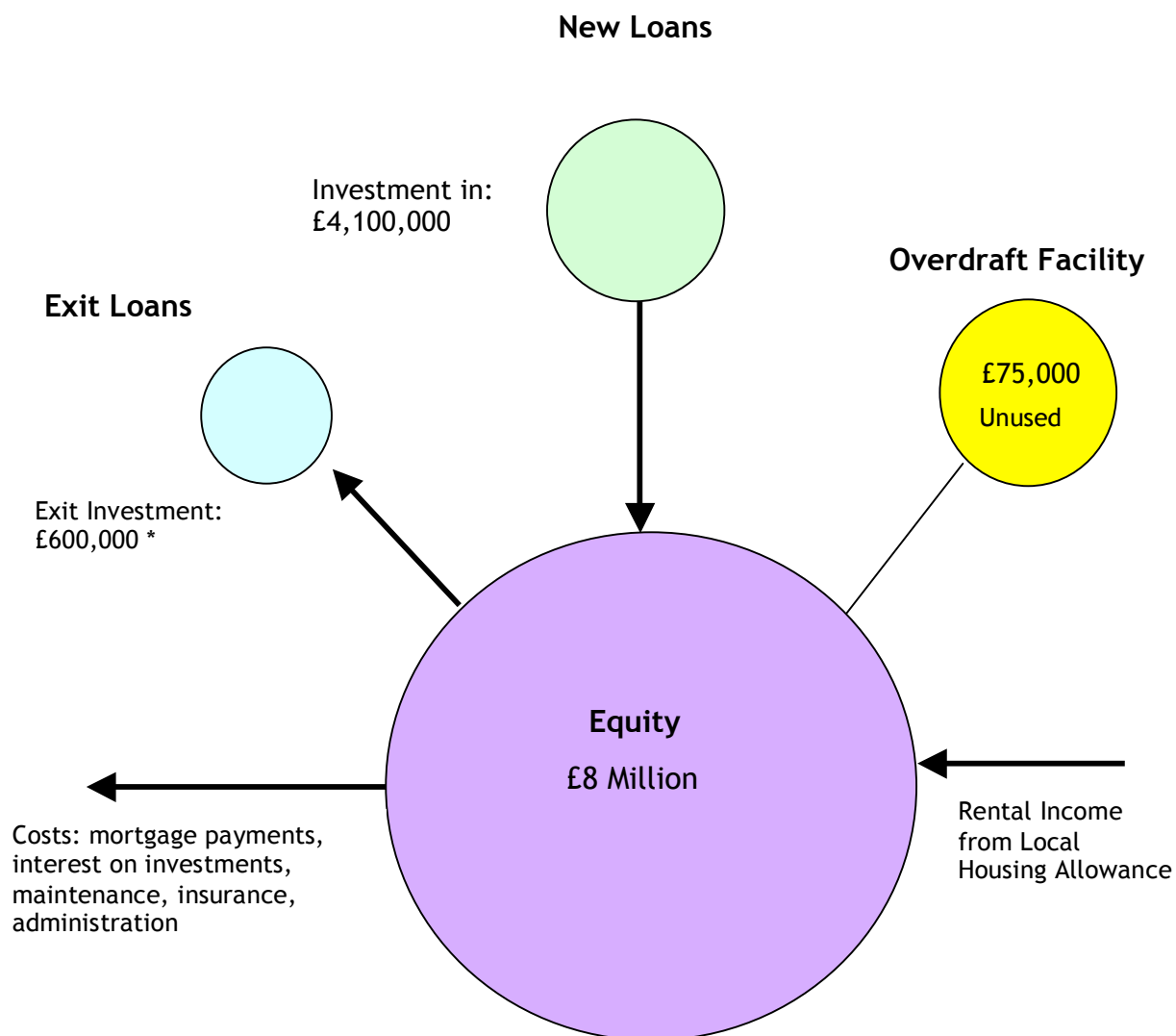
Loans will be redeemed on receipt of letter of instruction and returned loan certificate. Investors are free to redeem their loans in accordance with the following notice periods: Loans no more than £10,000 1 days' notice £10,001 - £25,000 30 days' notice, Over £25,000 90 days' notice. If you have a loan over £10,000, a one off withdrawal of £10,000 can be made with 1 days notice. Where possible we redeem loans earlier than those notice periods. In fact, to date, no one has had to wait longer than 72 hours for their loan to be redeemed.

STRUCTURE

The 3 directors for all 3 limited companies are Peter Cunningham, Vicki Woodley and Andrew Cunningham. The Green Pastures Charitable Trust holds the voting shares of all 3 companies.

ADDED VALUE: CHANGED LIVES

Since 1999 we have housed over 900 people. We have seen some amazing changes, just because we have been able to give someone a key to their own home. Alcoholics and drug addicts are now free from their addictions, unemployed young people with life skill problems are now working. Mothers who have been brutally beaten are now housed with their children in secure and safe accommodation & people with mental health problems are now housed and cared for. The list of endless needs goes on, but most wonderful of all is the number of people who have come to Christ.



* 65% of these were prearranged short-term loans

MAKING A LOAN TO GREEN PASTURES

You can make a loan to Green Pastures by downloading a loan form from:

www.greenpastureshousing.co.uk/get-involved.html

Recent loans can be viewed at:

www.greenpastureshousing.co.uk/recentloans.html

To receive any leaflets or DVDs please email: rory@greenpastureshousing.co.uk.

Thank you for your interest and we look forward to hearing from you.