



Property Bridges Risk Warning

Investing in property and property finance can be very rewarding, but not even the safest investments are risk free. At Property Bridges, we pride ourselves on risk management and our team has exceptional experience in both property finance and risk management. Our team has developed a strict process to ensure risk is kept at a minimum and we diligently assess the risk of each project. We treat client money as if it were our own and we would never promote an investment we wouldn't invest in ourselves. Nonetheless, there are many risks associated with property lending and investing and the purpose of this document is to highlight those risks.

1. Loss of Capital

Property prices can go down as well as up depending on many factors and the property market itself is prone to cycles that may positively or negatively affect the price of property. If the value of a property which we have lent against falls, the borrower may find it difficult to meet their repayment obligations.

We manage this risk by issuing loans worth no more than 75% of the property's value, and understanding market dynamics of the area. For all our lending, we obtain an independent professional valuation. Each valuation is carefully inspected by our experience team to ensure the security is acceptable to support the lending proposal.

You should not invest more money through the platform than you can afford to lose without altering your standard of living.

2. Illiquidity

Any investment you make through the platform will be illiquid. This means that you will not be able to cash out until the end of the investment term. Even in circumstances when the property market is deteriorating, investment capital is locked in for the duration of the loan term.

3. Security Risk

All our loans are backed by security. As with any secured asset, there is a risk that the security is not properly constituted, rendering it unenforceable. A risk associated with property investment is the risk of property fraud. We work closely with our panel of solicitors, each of which is a specialist in property finance, and require that the solicitors used by the borrower meet our minimum requirements. This, together with our diligent internal processes, ensures that property risk and security risk is minimised.

4. Diversification

Investing should only be done as part of a diversified portfolio and investing through a peer to peer platform is no different. This means that you should invest relatively small amounts in multiple loans rather than a lot in one or two.

5. Product and Payment Risk

Our loans typically range from one to three years in duration and repayments are contingent on the borrower's successful exit from the underlying property project. Before committing to a loan, we examine the viability of the borrower's payment schedule, including monthly interest payments, as well as the intended exit route. In the industry, we operate within it is common that extensions and further advances are agreed. Each time one of these is requested, we thoroughly review the borrower's track-record and the project's progress to ensure continued suitability before approving an extended term.



6. Borrower Default

Every loan we underwrite is secured against property. This means that in the event that a borrower fails to repay, we would seek to recover the outstanding loan by selling the property and passing the proceeds on to investors. The secured nature of the loan does not, however, mean that repayment of the loan is guaranteed because the loan outstanding may exceed the property net sale proceeds. Where appropriate we will also look to rely upon the personal guarantees from the borrower or directors to ensure the loan is fully repaid.

Sometimes, borrowers require some flexibility. For example, they might warn us of an issue that could make them late on an interest payment (perhaps a delay in obtaining planning permission from the council has tied up their cash flow for longer than anticipated), or they tell us they may not exit the loan within the prescribed term (perhaps the sale of the property has been delayed). If, having assessed the facts and the evidence provided to us, we are comfortable with the delay, we may allow the borrower to defer payment to a later date.

If the borrower fails to make payments, an investor may not receive the investment income as your capital is at risk and repayments are not guaranteed.

8. Tax

You will be responsible for the payment of your own tax which may include capital gains and/or income tax. We do not provide tax advice and you should seek independent tax advice before investing if you are unsure of your position. It is still your responsibility to ensure that your tax return is correct and is filed by the deadline and any tax owing is paid on time. If you are unsure how this investment will affect your tax status you must seek professional advice before you invest. Each company you invest in will be liable for, and pay, corporation tax and any returns you receive will be paid to you net of any corporation tax due.

9. Advice

Property Bridges does not give investment advice or provide analysis or recommendations regarding investment opportunities. Property Bridges takes no responsibility for this information or for any recommendations, opinions or predictions.

10. Past Performance

Past performance is not a reliable indicator of future results. You should not rely on any past performance as a guarantee of future investment performance.

11. Deposit Guarantee Scheme

Investing through Property Bridges is not covered by the Financial Services Compensation Scheme. Property Bridges does not fall under the authority of the Financial Services Ombudsman.

This list of risk factors does not necessarily outline all possible risks involved. Prospective investors should read the Property Bridges terms and conditions in their entirety and consult with their own advisers before deciding whether to invest. If you are unsure about any aspect of the information provided by the company, you should seek advice from an independent financial adviser.