



OFFER LETTER

HJ Collection Limited

Company number: 11834490

Dear Sir(s)

Offer for subscription of up to £12,000,000 (A) 2-Year Income Loan Notes and (B) 2-Year Growth Loan Notes

Expressions defined in the Information Memorandum have the same meaning in this letter except where the context otherwise requires.

If the terms and conditions of this letter are not satisfied, all monies paid in respect of acceptances will be returned without interest (and at your risk) as soon as practicable.

1. THE OFFER

The Company, on the terms and conditions of this letter, the enclosed Form of Acceptance, the Information Memorandum and subject to the Articles of the Company, offers you the Loan Notes as follows:

- i. the 2-Year Income Loan Notes – 2-year fixed rate secured notes accruing 10% simple interest in the first year and 10% simple interest in the second year, which is payable 10% after the first 12 months, 5% after 18 months and 5% after 24 months in arrears, and the Subscription Price to be repaid at the end of the term; and
- ii. the 2-Year Growth Loan Notes – 2-year fixed rate secured notes accruing 10% simple interest in the first year and 10% simple interest in the second year, which is payable at the end of the term, with a 4% Bonus (equating to 4% of the Subscription Price), together with the Subscription Price,

for subscription, free of commission and (save as set out below) free of Stamp Duty and Stamp Duty Reserve Tax (SDRT), payable in full on application by cheque or electronic funds transfer as set out in the Form of Acceptance. The Company offers you up to £12,000,000 from the issue of the 2-Year Income Loan Notes and the 2-Year Growth Loan Notes.

Once completed and received by the Company, the Form of Acceptance constitutes your commitment to subscribe for the number of Loan Notes which you specify on the Form of Acceptance, which will be absolutely irrevocable and not terminable by you in any circumstances except fraud.

By completing the enclosed Form of Acceptance, you confirm and warrant to the Company that you are investing solely on the basis of the information contained in the Information Memorandum and not on the basis of any other document or information sent to or available to you.

2. ISSUE OF LOAN NOTES

The Loan Notes will be issued within 10 business days of receipt by the Company (or nominated recipient) of the Subscription Price in cleared funds to its nominated bank account.

3. STAMP DUTY AND STAMP DUTY RESERVE TAX

The issue of Loan Notes to subscribers will not normally be subject to the payment of Stamp Duty or SDRT. Exceptionally, there may be circumstances where SDRT becomes chargeable on the issue of Loan Notes such as where they are issued to a person who provided clearance services or in connection with arrangements to issue depositary receipts. If there are any circumstances where Stamp Duty or SDRT are payable on the issue of Loan Notes, the Company (nor any of its directors, employees, officers or agents) will not be responsible for the payment thereof. If the Company or any other person is obliged by law to pay any Stamp Duty or SDRT, you agree that they shall be entitled to recover this from you in full.

4. CONFIRMATION

Please complete and return the enclosed Form of Acceptance by e-mail to [insert e-mail address] or by post to HJ Collection Limited, Davenport House, 16 Pepper Street, London E14 9RP. Please do not send funds until requested to do so, following a successful anti money laundering check.

5. ALLOCATION AND DESPATCH OF NOTES

Provided payment has been made on terms satisfactory to us, it is expected that your allocation of Loan Notes will be issued to you on receipt of cleared funds.

6. FURTHER FINANCINGS

During the term of the Loan Notes, the Company may look to purchase further properties for development. The Company will obtain further funding for such purchases, most likely from institutional lenders (the "Further Financing"). Such institutional lenders will likely require that the Company provide security (the "Lender Security") for the Further Financing. The Lender Security to be provided will depend on the lender's requirements but could consist of any one (or more) of the following:

- i. legal charges over any existing properties owned by the Company; and/or
- ii. legal charges over any future properties to be purchased by the Company; and/or
- iii. a debenture over the Company; and/or
- iv. a corporate guarantee to be provided by the Company.

In order to provide such Lender Security, the Security already in place (in favour of the Security Trustee) to secure the Loan Notes will need to be subordinated. This would mean that, if the Company defaulted on any of its repayment obligations in respect of the Loan

Notes, the institutional lender would have a first 'call' on the charged assets as the Lender Security would take priority over the Security.

It is the Company's view that these proposals are very much in the interests of the Company and all Noteholders as a whole. Not only will future institutional lending enable the Company to expand its asset base, it will also allow the Company to progress even more property developments for the benefit of all Noteholders.

By signing and returning the Application Form, you confirm that you understand and agree to the Company undertaking Further Financing and entering into the relevant subordination arrangements in respect of the Lender Security and the Security. Any subordination arrangements will be notified to the Security Trustee who will need to enter into the relevant documentation in order to effect the subordination. Whilst we may update you on the Company's progress from time to time (including any proposed or completed Further Financing), you will not be asked again to give your further advance consent to these subordination arrangements as your acceptance of this letter will be treated as your advance acceptance of any Further Financing.

7. UNIT SALES

During the term of the Loan Notes, it is envisaged that the Company will develop some of the properties to be acquired into residential apartments. It is proposed that such apartments will be 'pre-let' as off-plan units to prospective tenants (the "Unit Sales"). In order to facilitate this, prospective tenants will enter into agreements for lease with the Company pursuant to which they will be required to pay the relevant purchase price in instalments (the 'Property Payments') at various stages prior to completion of the formal lease, with the final instalment due on completion of the lease.

Pursuant to the terms of the agreement for lease and the lease, the Company will be entitled to draw down and use all Property Payments as and when they are made. However, the Security held by the Security Trustee (in favour of the Noteholders) over the relevant unit/apartment (to be pre-let) will only be released as and when the formal lease for each unit/apartment is completed.

It is the Company's view that this strategy of agreeing Unit Sales is in the best interests of the Company and all Noteholders as a whole. Firstly, it will allow the Company to have quicker access to the Property Payments (as the development is ongoing) which will enable it to re-inject the money into the development project. Secondly, it will enable prospective tenants (most of which the Company envisages to be cash buyers who are purchasing without a mortgage) to pay for the property in stages, thereby making the purchase more affordable.

By signing and returning the Application Form, you confirm that you understand and agree to the Company undertaking the Unit Sales as and when required from time to time. Whilst we may update you on the Company's progress from time to time (including any proposed or completed Unit Sales), you will not be asked again to give your advance consent to these Unit Sales as your acceptance of this letter will be treated as your advance acceptance of any Unit Sales.

8. FCA RULES

By confirming your acceptance of the Offer set out in this letter, you acknowledge and agree that:

- i. you are not, in relation to the Offer, a client or customer of the Company for the purposes of the Financial Conduct Authority (FCA) Rules or otherwise;
- ii. the Company has no duties or responsibilities to you for providing the protections afforded to its clients under the FCA Rules or for providing advice in relation to the Offer;
- iii. any payment received by you will not be treated as client money governed by the FCA Rules; and
- iv. you are not relying on any information or representation other than as set out in the Information Memorandum or this letter.

9. WARRANTIES

By signing and returning the Application Form, you will be warranting that:

- i. you are not relying on any information or representation in relation to the issue of the Loan Notes other than as contained in the Information Memorandum and this letter. By subscribing for Loan Notes, you agree that the content of the Information Memorandum is exclusively the responsibility of the Company and its Directors and you confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Company or any other person, and neither the Company nor any other person will be liable for your decision to accept this invitation to subscribe based on any other information, representation, warranty or statement. You acknowledge and agree that, in subscribing for Loan Notes, you have had access to all information you believe necessary or appropriate in connection with your decision to subscribe for Loan Notes;
- ii. you are not, and do not regard yourself as being, a customer of the Company in relation to the Offer and the Company will not have any duties or responsibilities towards you for providing the protections afforded to its customers under the rules of the FCA for advising you with regard to the Loan Notes or the Offer. In addition, any payment received from you will not be treated as client money governed by those rules;
- iii. you acknowledge that it is also a term of your participation in the Offer that, to ensure compliance with applicable anti money laundering regulations, the Company may, in its absolute discretion, require verification of your identity. Pending the provision to the Company of evidence of identity, definitive certificates in respect of the Loan Notes may be retained at the Company's absolute discretion. If, within a

reasonable time after a request for verification of identity, the Company has not received evidence satisfactory to it, the Company may, at its absolute discretion, terminate your commitment in respect of the Offer, in which event the monies payable on acceptance of allotment or purchase will, if already paid, be returned to you by cheque to the address set out in the Form of Acceptance, by post, at your risk;

- iv. you have not taken any action or omitted to take any action which will or may result in the Company, or any of its officers, directors, agents, employees or advisers, acting in breach of any law or regulatory requirements of any territory or jurisdiction in connection with your subscription;
- v. you are a person of a kind described in articles 19, 48, 49, 50 or 50A of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S/2005/1529) (as amended) or in section 86(1) (a) of the Financial Services and Markets Act 2000 ('qualified investors') and, where you are a person described in article 48 ('certified high net worth individual') or article 50A ('self-certified sophisticated investor'), you have completed the relevant certificate in Appendix A or Appendix B (respectively);
- vi. no person (other than the Company) who is not a party to this letter and the Form of Acceptance shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this letter or the Form of Acceptance;
- vii. you have obtained all necessary consents and authorities to enable you to give your commitment to subscribe for Loan Notes and to perform your obligations under any contract which has been or may be entered into by you in connection with the Offer;
- viii. if you are resident in, or a citizen or national of, a jurisdiction outside the United Kingdom, or you are nominee of, or custodian, trustee or guardian for, citizens or nationals of such jurisdictions ('overseas shareholder'), you have informed and satisfied yourself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Loan Notes and the Company, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or duties due in such jurisdiction;
- ix. you irrevocably appoint any duly authorised officer of the Company as your agent for the purpose of executing and delivering to the Company and/or its registrars any documents on your behalf necessary to enable you to be registered as the holder of any of the Loan Notes for which you agree to subscribe or purchase upon the terms in this letter; and
- x. you have not been engaged to accept the Loan Notes on behalf of any other person who is not a qualified investor unless the terms on which you are engaged enable you to make decisions concerning the acceptance of offers of transferable securities on the client's behalf without reference to the client as described in section 86(2) of the Financial Services and Markets Act 2000.

Your obligations under this letter shall not be capable of rescission or termination by you in any circumstances.

This letter and your commitment to subscribe for Loan Notes (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this letter (or such commitment), its subject matter or its formation, including non-contractual disputes or claims), will be governed by and construed in accordance with the law of England and Wales and you irrevocably agree that the courts of England and Wales are to have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this letter (or such commitment) or its subject matter or formation (including non-contractual disputes or claims).

Yours faithfully

For and on behalf of HJ Collection Limited

Tel: 0207 117 2583 Email: loannote@hjcollection.co.uk Web: www.hjcollection.co.uk

