



Albani Limited
Specialist Open-Bridge Finance

Risk Management v3



Risk 1

COMPETITION	No direct competitors See Business Plan
PROPERTY SELECTION	Investor T&Cs
VALUATIONS	Selected RICS Panel Valuers: Agreed Instructions; 140 days re-sale empty and vacant ; mortgage valuation (acceptable to VAL FREE® lenders)
SECURITY	High Quality Property secured by RICS Valuations and Protected by Financial Guarantees
ASSET SALES	Pro-active Asset Management/sale of NON-EXITS
MANAGEMENT	Investor T&Cs
CONTROLS	Monitor/Reduce/Restrict/Stop Investor finance + Investor access to real-time IT risk management systems
BENCHMARK	<i>“No one else has thought of it”</i> . The Home Owners Plan™ with the advantages of CHAIN FREE® (unique insurance type arrangement)
PROFITABLE	CHAIN FREE® + CHAIN MENDER®: In all market conditions with the benefit of VAL FREE®
REPAYMENT	150 days from Drawdown to NON-EXIT Sale completion (Churn Rate)



Risk 2

- **Selected Characteristics** --- Balanced Portfolio
- **Perils** --- Flood and Wind insurance
- **Local Authority Areas** --- Stable/Rising Asset Values
- **3 Comparables** --- Local/Easily Obtainable/Recently Achieved Sale Prices
- **Valuations** --- RICS and Rightmove DataSource
- **Finance Package** --- **IMPORTANT POINT:** 83.74% RICS Valuations **(1)**
- **Systemic fall in house prices** --- **Systemic Loss Scenarios**
- **To encourage EXITS** --- Estate agents rewarded £1,000 Success Fee **(2)**
--- VAL FREE® ‘offered’ mortgage within 10 days (valuation accepted; status checks complete)
- **Security** --- 1st Legal Charge over home owners property (empty, vacant and mortgage free)
- **Proprietary Sale Contract (3)** --- To encourage fast sale of NON-EXITS before auction **(4)**
Minimum no. NON-EXITS --- Most homeowners will use CHAIN FREE® to secure next house for best price and will not take our finance because their estate agents will have sold their old house for more.

(1) Core Proposition and Core Restricted Sales: Illustrative Debt Facility of NON-EXIT Funds Outstanding (20 weeks)

(2) Negotiators / sales executives are paid £22,507 > £35,000 (source: The Ambitious Group)

(3) With “lock-out” (time of the essence) clause mitigating risk by non-reliance on single buyer) See: **Buyers Anti-Guzumping Provision**

(4) 150 days Drawdown to Sale completion of NON-EXIT vs. average **18 weeks/129 days** on market to completion (source: The Advisory)



Risk 3

- **Sequential Risk Management**
 - 6 Stages **IMPORTANT POINT**: Real-time Settings and Controls
 - 10 Levels (LSRM)
- **Systemic Risk**
 - Due to unprecedented levels of economic uncertainty, we will, for the foreseeable future, insert in our Offer Documents a force majeure clause for NON-EXITS **IMPORTANT POINT (1)**
- **Instructions to Valuers**
 - Mortgage Valuation/re-sale within 150 days (completion) unoccupied and empty
 - Valuation Auditor
- **Back Office**
 - Underwriting/Legal Department/Finance/Sale and Asset Management
- **Estate Agents Success Rewarded**
 - £1,000 **(2)** See: Fees
 - To encourage EXITS

(1)

- The force majeure clause will be triggered if the RICS Residential Market Survey of monthly sentiment of Chartered Surveyors (Survey) falls between the date of our Offer Documents and the date of customer's solicitors Drawdown Notice.
- If the Survey results fall between these two dates the Fall Back Price® 90% DataSource or RICS will be reduced by 5% with option for homeowner to withdraw from contract (in this event Administration Fee returned and no 1% Fee).

(2) **Financial Model** assumes all EXITS **22D**



Risk 4 (Pre-Loan)

Before Application

Application (by the homeowner or their estate agent)

Perils

Price Movements (2)

DataSource Valuations (3)

Application Details

Application to Drawdown

Application

RICS Valuation Form (4)

Algorithm (Example) (5)

Drawdown Notice Period

Estate Agent Responsibilities At Drawdown Date

Estate Agent Submission at Drawdown Date

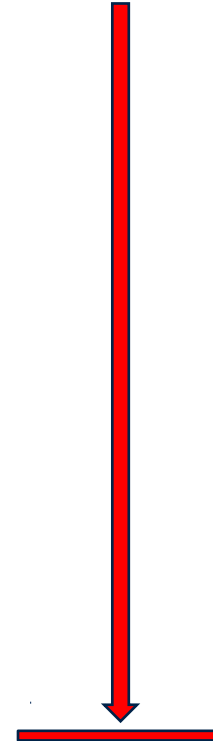
(1) **Macro and Micro risk** controlled at 10 LSRM at 6 Stages.

(2) Rightmove data feed: House Prices In Local Authority Areas; Rising/Static/Falling (last 3 months + / - 5%)

(3) Rightmove data feed: Automatic Valuation Models (AVMs); Confidence Level A (0% > 5%); **IMPORTANT POINT**: Albani will pay for RICS Drive-By (12B) when customer does **not** upgrade and their solicitor serves Drawdown Notice (Investor finance at LTV DataSource or LTV RICS Drive-By whichever is lower) (4) For mortgage purposes plus Surveyors PI (sales at 5% less than Valuation). Surveyors and instructions approved by selected mortgage lenders.

(5) **IMPORTANT POINT**: Headroom to prevent NON-EXIT draw-downs exceeding Finance Package 10H.

Real-time Settings and Controls (1)





Risk 5 (Asset Management: NON-EXITS)

Drawdown to Sale

Estate Agent Responsibilities After Drawdown Date

Contractor Specification (1)

Contractor Visits

Estate Agent Details

Estate Agent Pricing

Estate Agent Offers

Sale Management

Target Date for Exchange

(1) Thorough spring clean £1,100 **8B** and garden tidying £475 **9B** (Refreshment). Both included In NON-EXIT Costs £5,284 **105D** and **105G**



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