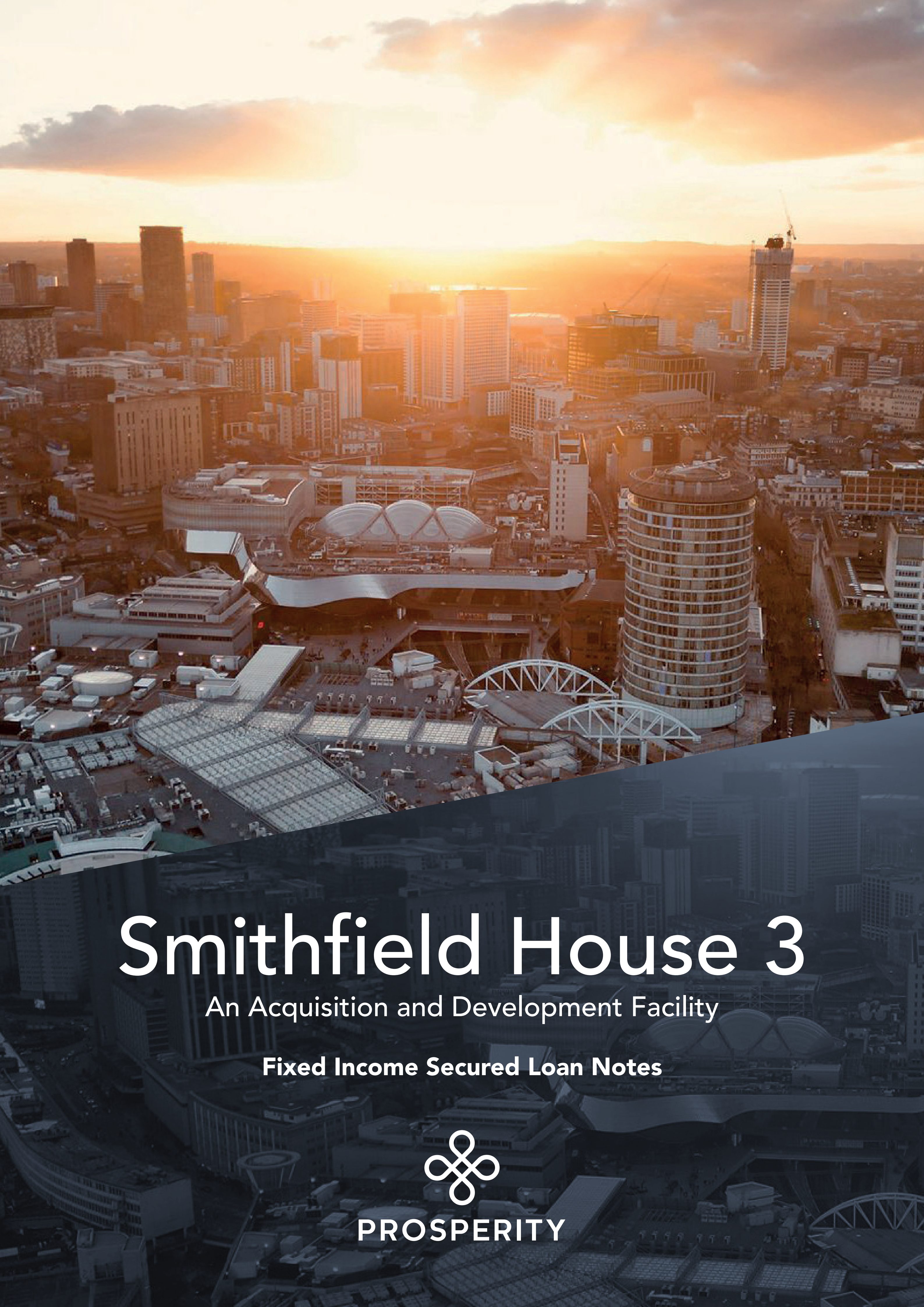

# Smithfield House 3

## An Acquisition and Development Facility

**Fixed Income Secured Loan Notes**

PROSPERITY

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## About Prosperity Group

Prosperity Group ("Prosperity") is a Birmingham-based property developer specialising in high-quality buy-to-let investments and residential developments across the UK. Since its founding in 2007, Prosperity has successfully delivered a diverse portfolio of over 40 residential and commercial projects, with a Gross Development Value (GDV) exceeding £500 million. Strategically positioned in high-demand rental areas, these developments are designed to maximise investor returns.

Supported by a team of over 40 industry professionals, Prosperity works closely with leading experts and financial partners to create exceptional investment opportunities. Beyond property development, the group provides tailored financing solutions through its in-house mortgage brokerage and offers comprehensive sales, lettings, and property management services.

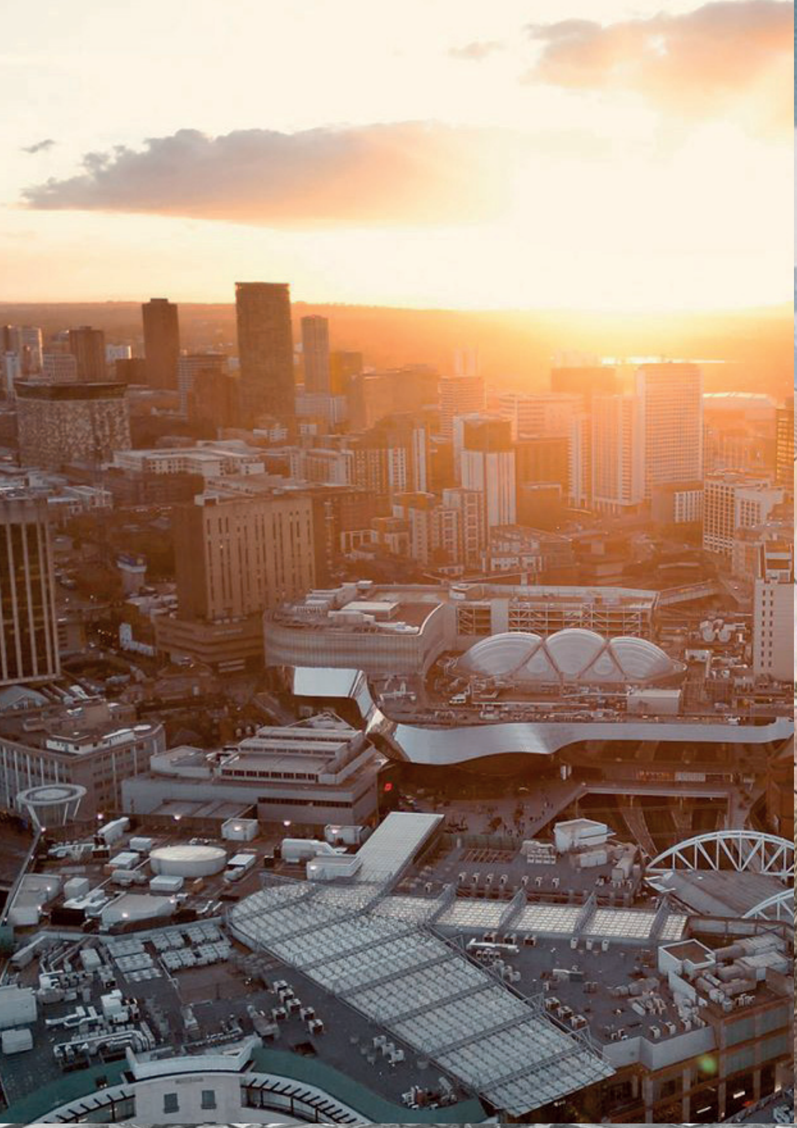
## About Smithfield House

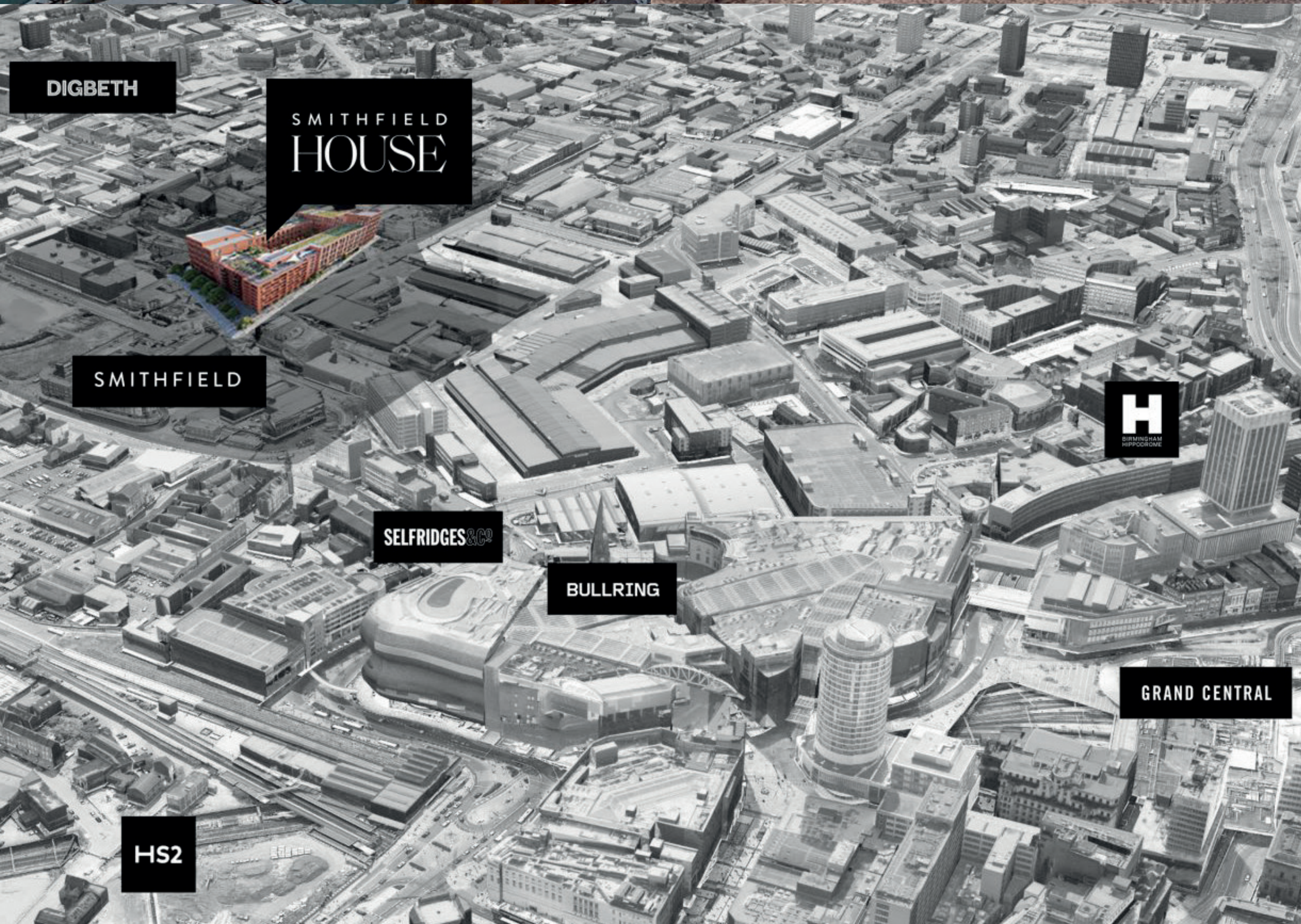
Smithfield House is one of Prosperity's a landmark residential developments offering 380 modern apartments in the heart of Birmingham's transformative Smithfield regeneration zone. This opportunity allows loan note investors to participate in the growth of one of the UK's strongest property markets, with attractive yields and asset-backed security. The development's central location – adjacent to the upcoming HS2 high-speed rail station and within a £2.4 billion regeneration district – underpins both high rental demand and strong capital growth potential. Property investors are poised to benefit from robust rental returns and a secure exit strategy, supported by Birmingham's thriving economy and chronic housing undersupply. In summary, Smithfield House combines prime location, strong market fundamentals, and attractive fixed income returns into a compelling, low-risk investment proposition for loan note holders.

## Location Overview

Situated in Birmingham city centre, Smithfield House enjoys a premier location at the epicentre of the £2.4 billion Birmingham Smithfield regeneration scheme. This 14-hectare masterplan is transforming the city's former wholesale markets into a vibrant new district featuring 3,000+ new homes, extensive retail, office and cultural space. The Smithfield development will create an estimated 8,000 new jobs and numerous leisure facilities and green spaces, establishing a new urban quarter that blends with the adjacent creative neighbourhood of Digbeth. As a result, Smithfield House stands to gain from significant surrounding infrastructure and public realm improvements, elevating the value of its location.

Another key advantage is connectivity. Smithfield House is just minutes from HS2's Curzon Street Station, putting future residents less than an hour from London via high-speed rail. This unrivalled transport link (46–49 minutes to London) will enhance Birmingham's appeal to commuters and businesses alike. The development is also a short walk from Birmingham's major landmarks – the Bullring & Grand Central shopping centres, leading universities, and the bustling Digbeth creative quarter – placing it at the nexus of commerce, education, and culture. In summary, the location offers excellent transport links, central city conveniences, and the long-term uplift of a flagship regeneration, making it one of the most strategically positioned sites in the UK's second city.

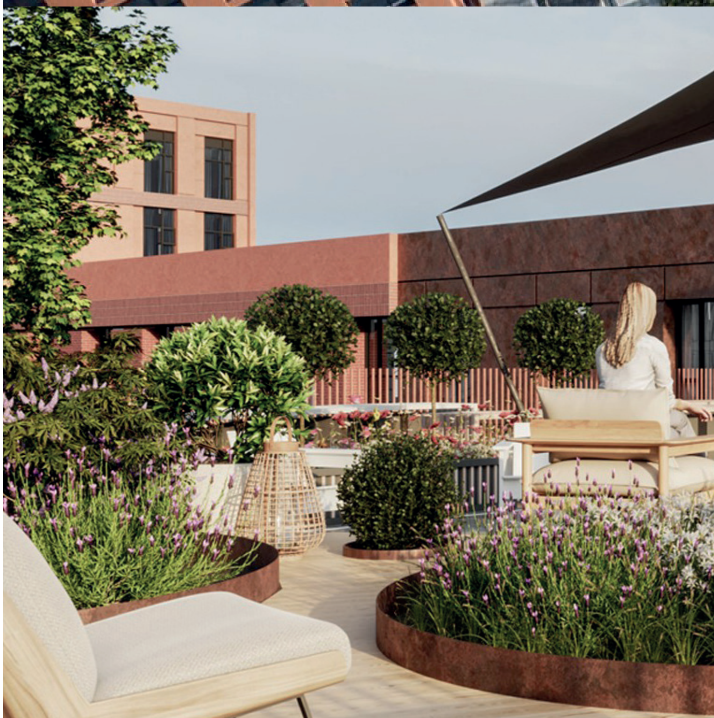



DIGBETH
SMITHFIELD
HOUSE
SMITHFIELD
SELFRIDGES&Co
BULLRING
BIRMINGHAM
HIPPODROME
GRAND CENTRAL
HS2

## Development Details

Smithfield House is a contemporary high-rise development comprising 380 luxury apartments designed to meet the needs of Birmingham's growing professional population. The unit mix will compromise a variety of apartment types, sizes, and configurations, each thoughtfully designed with modern interiors and high specifications. Generous floor-to-ceiling windows, quality finishes, and smart-home technology come as standard, ensuring an appealing living space that commands premium rents in the local market. The scheme will be delivered in two phases, with initial handovers beginning in 2028 to align with key infrastructure and amenity rollouts in the wider Smithfield district.

Residents of Smithfield House will enjoy an extensive suite of amenities that rivals a boutique hotel. These include a 24-hour concierge service for convenience and security, a fully equipped residents' gym and wellness suite, and flexible co-working spaces to accommodate remote working needs. For leisure and socialising, the development offers a private cinema room, a games lounge, and elegantly designed residents' lounges and dining areas for entertaining. Outdoor space is integrated through landscaped rooftop terraces and pocket parks, providing greenery and panoramic city views. Secure parking, high-speed internet, and smart entry systems are also part of the package. This comprehensive amenity offering not only enhances quality of life for residents but also strengthens the investment proposition – positioning Smithfield House at the top end of Birmingham's rental market in terms of lifestyle appeal.





## Security & Risk Mitigation

The maximum loan-note raise is £70M.

The security package is constituted by a Legal Charge, Debenture and specific lending metrics enforced through the construction period (herein after “Financial Covenants”).

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### 1) Legal Charge

The Security Agent holds a registered first fixed legal mortgage and a negative pledge over the land asset owned by the Company. The development has been professionally appraised and valued, with a Gross Development Value of £131,513,065 million.

### 2) Debenture

The Company has executed a Debenture granting the Security Agent title guarantee charges through a legal mortgage, along with fixed and floating charges over all of the Company's assets. These include, but are not limited to, all cash held on account, investments, contractual deposits (due or realised), completion balances from legally exchanged purchase and sale contracts ("Exchanged Plot Contracts"), as well as other contracts, insurances, guarantees, and warranties.

Under the terms of the Debenture, 100% of the net balances due upon the practical completion of Exchanged Plot Contracts will be allocated to noteholders. This is expected to generate approximately £92,059,146 million in completion revenues, ensuring sufficient collateral coverage for both principal capital repayment and accrued interest.

Investors can take confidence in the fact that a strong pre-sales operation will further enhance security throughout the construction funding process to ensure loan-to-value ratios remain well within prudent lending limits.

### 3) Financial Covenants

The Security Agent will provide ongoing funding only if the following financial covenants are strictly maintained:

- The total purchase price payable to the Company for all Exchanged Plot Contracts, after deducting the portion of Deposits applied towards development costs, must not exceed 95% of the total value of Notes in issue, including all associated interest costs and expenses.

To ensure compliance, the Security Agent has appointed a project monitor to oversee and assess all costs and expenditures associated with project delivery. The project monitor is responsible for overseeing all development, trade, and professional services expenses. Furthermore, each major Trade Contract and Consultant Appointment must include a requirement for the relevant Contractor or Consultant to provide a Collateral Warranty and step-in rights in favour of the Security Agent. These terms must be deemed acceptable and approved by the Security Agent.

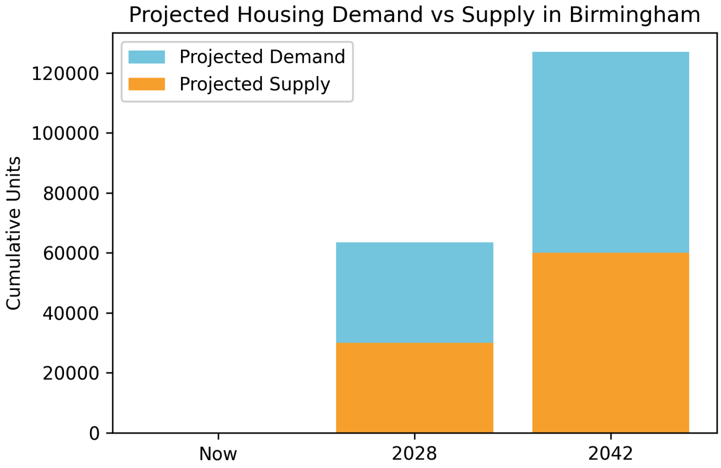
## Further Risk Mitigation

Smithfield House is backed by a Subordinated Creditor, Prosperity Investments and Developments Limited, which serves as its sole shareholder and holding company.

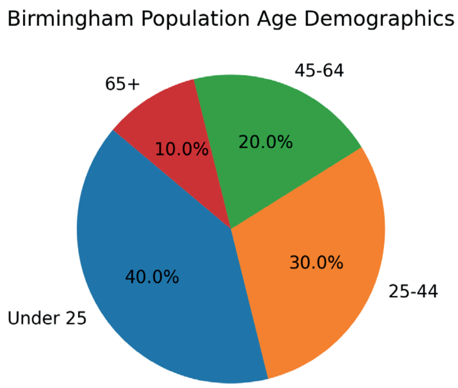
## Why Invest in Birmingham: Market Drivers

Birmingham's real estate market fundamentals are exceptionally strong, providing a solid foundation for both rental income and long-term capital growth at Smithfield House. Key market drivers include:

**Housing Undersupply:** Birmingham needs 127,000 new homes over the next 20 years, but current build rates fall short. This ongoing shortage supports strong demand and high occupancy for quality developments like Smithfield House.




Source: https://selectproperty.com/insights/birminghams-need-for-over-100k-homes/



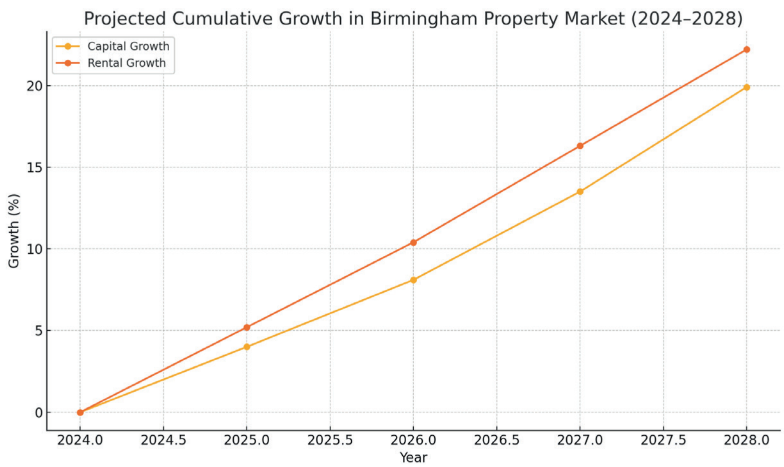

Source: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates

**Young, Skilled Population:** With over 40% under 25, Birmingham is Europe's youngest city. It retains nearly half its graduates, fuelling demand for modern, centrally located apartments suited to urban professionals.

**Strong Economic Growth:** Major firms like HSBC, Goldman Sachs, and PwC have created thousands of jobs in Birmingham. Ongoing investment, including the Big City Plan and BBC relocation, continues to drive income growth and rental demand.

**Rising Rental Market:** Rents rose ~7% in 2024, with a projected 22.2% growth by 2029 – the UK's highest. Tight supply and growing demand are keeping vacancy rates low and yields high.

**Capital Growth Potential:** Property prices have risen 66% over the past decade. Forecasts suggest a further 19–20% growth by 2028, outpacing London and other UK cities, enhancing long-term investor returns.




Source: Joseph Mews (https://joseph-mews.com) & JLL Residential Forecasts (2024-2028)

# Smithfield House Overview

**380**
Units

- Smithfield House Birmingham City Centre
- An extraordinary collection of brand-new residences in the heart of Birmingham's Eastside District.
- 380 units

# Smithfield House financial summary

**£131.5M**
GDV

**380**
APARTMENTS

**24.8%**
PROFIT/COST

| | GBP (£) |
|---|---|
| Gross Development Value | £131.5m |
| Total Project Costs (excluding finance charges) | £105.3m |
| Development Margin | 20% |
| Gross Development Profit | £26.2m |

# Secured loan note terms

**Parent company**
Prosperity Investments & Developments Limited

**Issuer**
Prosperity Smithfield House Limited

**Scheme**
Smithfield House

**Project Summary**
A residential development comprised of 380 one and two bedroom apartments in the heart of Birmingham City Centre

## SUMMARY TERMS

| | |
|---|---|
| **Loan Amount** | £70 million |
| **LTV (Net loan to Gross Development Value)** | 54% |
| **Investor Return Bullet** | 9.0% per annum |
| **Investor Return Quarterly** | 8.0% per annum |
| **Purpose of the loan** | Acquisition & Development Finance |
| **Security / Charge** | Fixed and Floating Charges over the development asset, including all existing cashflows and future revenues of the Borrower |
| **Term of Loan** | Up to 36 months (with option to extend a further 12 months for sales completions) |
| **Exit** | Sale and Completion of residential apartments |

## The Project Team

### JOE BILLINGHAM
**FOUNDER & CHAIRMAN**

Founder and chairman of the Prosperity family of companies, Joe's passion for property as the No. 1 asset class has been widely documented. As Chief Executive Officer and with 25 years of living and breathing the property industry, Joe continues to drive forward the business plan.

### PETER LUMB
**DEVELOPMENT DIRECTOR**

Peter has over 30 years of experience across the sector, delivering a diverse range of schemes, including residential and new build. He has successfully managed multiple high-value projects, leading the development delivery process from inception through to completion.

### SAYYAM MUGHAL
**COMMERCIAL MANAGER**

Overseeing the financial management of Prosperity's development portfolio, Sayyam manages financial reporting and monitoring, risk management and development budgets in order to successfully deliver all of our large-scale construction projects. Sayyam ensures that all the key financial deliverables are achieved by adopting a constructive and forwardthinking approach.

### SHARON HOLLINGER
**DIRECTOR OF PIP**

One of the directors and founders of PIP, Sharon has had over 20 years of experience in Sales and Marketing, specifically in the property sector. She drives the sales and distribution arm of the Loan Note, having successfully built a network of advisers and introducers to raise the finance required across a wide range of projects with Prosperity.

# FCA Risk Warnings

**What are the risks?**

1. You could lose all the money you invest

- If the business you are investing in fails, there is a high risk that you will lose your money. Most start up and early-stage businesses fail.
- Advertised rates of return aren't guaranteed. This is not a savings account. If the borrower doesn't pay you back as agreed, you could earn less money than expected. A higher advertised rate of return means a higher risk of losing your money. If it looks too good to be true, it probably is.
- These investments are sometimes held in an Innovative Finance ISA (IFISA). An IFISA does not reduce the risk of the investment or protect you from losses, so you can still lose all your money. It only means that any potential gains from your investment will be tax free.

**2. You are unlikely to be protected if something goes wrong**

- Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker here.

  *https://www.fscs.org.uk/check investmentprotection-checker*

- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA regulated firm, FOS may be able to consider it. Learn more about FOS protection here.

  *https://www.financialombudsman.org.ukconsumers*

**3. You are unlikely to get your money back quickly**

- Many bonds last for several years, so you should be prepared to wait for your money to be returned even if the business you're investing in repays on time.
- You are unlikely to be able to cash in your investment early by selling your bond. You are usually locked in until the business has paid you back over the period agreed.

**4. Don't put all your eggs in one basket**

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.
- A good rule of thumb is not to invest more than 10% of your money in high-risk investments.

  *https://www.fca.org.uk/investsmart/5- questions ask-you-invest*

- If you are interested in learning more about how to protect yourself, visit the FCA's website here.

  *https://www.fca.org.uk/investsmart*

property investor partnership

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Telephone: 01603 268083 Email: info@propertyip.net www.propertyip.net