



OPTIMUS

INVESTMENTS

INVESTMENT MEMORANDUM

EXECUTIVE SUMMARY

Optimus Investments is a real estate investment manager, based in the UK, that acquires core, value add and opportunistic real estate assets on behalf of its principals and investment partners. Optimus offers investment opportunities to onshore and offshore high net worth individuals, family offices and institutions who seek to benefit from allocating capital to the real estate market in the UK with an experienced manager.

The Company's strategy is to generate superior risk adjusted returns by assembling a diversified portfolio consisting of income generating opportunistic assets in the UK. The manager intends to accomplish this goal by leveraging its experienced investment team and the current market trends to source opportunistic asset classes like Private Rented Sector (PRS), House in Multiple Occupation (HMO), Social Housing, senior living, Industrial parks, Logistic warehouses and Purpose Built Student Accommodation (PBSA).

TRACK RECORD

The team has a varied background and a combined experience of managing in excess of 5 mn square feet of commercial properties, in excess of £1.5 bn of residential and PBSA properties, acquiring in excess of £2 bn of office investments in the UK, undertaken in excess of 2 million square feet of development/refurbishment in the UK and Ireland, raised in excess of £2 bn of debt financing and acted as an advisor on structuring and executing transactions in excess of £1.5 bn.*

MARKET OPPORTUNITY

We believe that despite the uncertainties of Brexit and COVID, there is a large opportunity in the UK real estate sector supported by the weaker pound and low interest rates. We envisage that there will be a number of opportunistic investment opportunities in Q2 and Q3 2021, which will give better than average returns. Optimus would like to position itself in the current economic conditions to create a balanced long-term income generating portfolio of properties that also deliver capital appreciation immediately or in the short term.

* Transaction values include deals done by team members before joining Optimus

The following asset classes will be acquired in the next 6-8 months:

RESIDENTIAL

Focus will be on PRS, Multi-family/Block of apartments and HMO's due to following reasons:

- We have in house expertise of managing such properties
- The median monthly rent for England was at the highest level ever at £700 (between Apr 2019-Mar 2020). This gives a good yield spread even after COVID/Brexit correction
- Where vendors can confirm that rents are being paid, the Investment sector is still robust
- In the Northern regions residential investment transactions have increased to pre-Covid levels
- We expect a lot of opportunistic properties to become available for sale in the next 6 months as mortgage relief and ban on tenant eviction ends

SOCIAL HOUSING

- The gap between demand and supply of social/affordable housing in the UK has been increasing YoY
- Assured long term rents guaranteed by the local authorities
- Optimus has access to a fund that has committed to £100m social housing projects in the UK and these can be purchased by an investor at Below Market Value (BMV)

COMMERCIAL

Focus in Commercial Real Estate (CRE) will be on Industrial & Logistics (I&L) and PBSA

- I&L: Savills predicts a rebound of 13% Gross Fixed Capital Formation (GFCF) in 2021, and growth of 3% in 2022, indicating additional warehouse demand of 15.5m sq. ft (1.4m sq. m) by year end 2022
- PBSA:
 - International students in the UK increased by 25k last year. Full time students from India rose 35% last year and is expected to increase further since introduction of post study work visa. Optimus has strong connections in India to target these students at the time of admission
 - In addition, our focus will also be on Chinese students who account for roughly 25% of all international students
- Net Initial Yields (NIY) for recently traded properties have held well at 5.5-5.8%
- In house experience of acquiring, managing and disposing of high value PBSA sites
- Whilst 2020 has been a relatively quiet time in the PBSA market we think that the post-Covid market of late 2021 and into 2022 should see many new opportunities come to the market

DEBT

Our focus will be on lending bridge and mezzanine finance to SME developers across the UK with a tenure of 12-24 months

- Bridge finance lending has increased post-COVID as banks become stricter (46% rise in Q3 2020)
- Optimus has the required relationships with developers and intermediaries to place funds immediately
- Target returns of 8%-12% on first charge and higher on second charge (or quasi for higher blended returns)

INVESTMENT PHILOSOPHY

Optimus offers three investment strategies to help clients achieve total return through growth of capital and/or return on investment. All opportunities are sourced through our strategic relationships with clients, brokers, intermediaries and auctioneers suitable to your investment objectives.

CORE INVESTMENT

Focusing on assets which offer long-term capital preservation with market level returns on investment.

Investments into private end-use residential properties which could be for full time or part-time self-occupation, holiday homes or to-let. We have a structure in place where the asset will be optimally levered and leased out for the vacant period ensuring the interest payments are serviced from the rental income.

VALUE ADD INVESTMENT

Focusing on assets which offer long-term capital preservation and above market returns on investment.

Investments into income generating assets that will be managed by us and which are either pre-leased or have excellent rentability. Such investments will be leveraged through our trusted lender partners (and can attract a return on equity of 5%-8% (residential) and 10%-13% (commercial) (these figures are indicative and pre-tax pre expenses).

OPPORTUNISTIC INVESTMENT

Focusing on assets that offer high growth and high returns on investment.

Investments into high yielding secured debt instruments in the UK real estate developments (residential, commercial or mixed use) as Senior first charge bridge loan, (Mezzanine second charge loan or development finance). The investment tenure is generally 15-24 months.

EXIT STRATEGY

Optimus has the following exit options under consideration for a 5/8-year exit plan with the option on part exiting and becoming a debt provider and/or property manager to continue earning interest and/or management fee:

- Trade Sale
- Real Estate Investment Trust (REIT)
- Own a property in installments: A proprietary innovative property ownership structure where investors can own the asset in instalments over 5 years while earning rental income
- Crowdfunding: Optimus is currently working on a crowdfunding platform where the equity of income generating assets will be raised via crowd(RE)funding

STRUCTURE

The company uses Special Purpose Vehicles (SPVs) for investment purposes as this is the most secure, reliable and efficient way of owning Real Estate in the UK. Ownership details of all the clients are available on the Land Registry and shareholding details are clearly available on Companies House. There are various ways in which Optimus can assist an investor to own a property in the UK.

- An investor may own a property in the UK in their own name or through a company (SPV)
- In both cases Optimus can assist the clients in getting a mortgage of up to 75% Loan to Value (LTV) (65% for non-UK residents) at attractive rates through our trusted lender partners
- An investor can also invest into Optimus's discretionary fund which can get more optimal leverage at favorable terms using Optimus' existing credit and relationship with lenders

MANAGEMENT TEAM

The core team has experience in investment banking, development, institutional sales, property management & asset management.

RAHUL SHETTY



DIRECTOR

Over 10 years' experience in investment banking and real estate. Prior to Optimus, Rahul was an Investment Banker with bulge bracket banks such as Lehman Brothers, Nomura and Barclays and a major developer in India to raise funds from the UK. He is a Duke University alum and also holds a bachelor's degree in Computer Engineering.

HARSH ADHOLIYA



DIRECTOR

Over 14 years' experience in diverse industry domains including Real Estate, Finance & IT. Prior to Optimus, Harsh has worked in India and the UK with global corporations such as ABN AMRO, Convergys, and Wipro. Prior to Optimus, he managed a loan book of £600mn over 9 years with a mortgage lender.

JULIAN EDWARDS



ADVISOR

Over 40 years' experience in real estate having run investment and development Companies in the UK, USA, and Europe. He was Managing Director of Tishman International Group of Companies. He has managed in excess of 5 mn sq.ft. of commercial properties in the UK, acquired in excess of £2 bn of office investments in the UK, has undertaken in excess of 2 mn sq.ft. of development/refurbishment in the UK and Ireland, and has raised in excess of £1.5 bn of debt financing.

VIJAY GOEL



ADVISOR

Vijay Goel has been working at Singhanian & Co for more than 15 years as Senior Partner. He is an expert in real estate transactions and has successfully executed some major real estate transactions in India. Vijay is experienced in advising on private equity funds for investment in India and has worked with American and Indian companies for their listing on AIM, London.

CURRENT PORTFOLIO

Optimus holds various properties through its subsidiaries and has a healthy stream of income. The portfolio largely consists of properties leased out to leading food retailers such as Iceland, Marks & Spencer, Co-op as well as AAA rated tenants such as Yorkshire Bank, Thomson TUI, Fatface & Cashino. In addition to this Optimus manages a residential buy-to-let portfolio and a fixed-income debt portfolio on behalf of its principals.



OPPORTUNITIES PIPELINE

Type	Location	Price	Yield Returns	Exit Strategy
MIXED USE	Belsize Park London	£2mn	5.0%	Trade Sale
INDUSTRIAL	Garter Street Sheffield	£1.5mn	9.0%	Trade Sale
INDUSTRIAL	Newbridge Industrial Estate	£4mn	6.25%	Trade Sale
RESI	The Lodge Mews, Harrowgate	£1.1mn	7.7%	Trade Sale
RESI	Claremont Views, Halifax	£2.1mn	8.2%	Trade Sale
SOCIAL HOUSING	Afford Housing Group / Eden Land Planning	£10mn	10-12%	Trade Sale
HOSPITALITY	Hotel for sale in London	£75mn	Provided on LOI/PoF	Trade Sale
HOSPITALITY	Hotel for 50% equity partnership in Europe	£15mn	Provided on LOI/PoF	Trade Sale
BRIDGE FINANCING	1 st charge Bridge financing requirement for real estate projects	£5mn	10-12% p.a.	Refinance
DEBT+EQUITY QUASI	Equity partnership in real estate projects with a fixed annual coupon + equity upside	£5mn	20%+	Sale/Refi
EQUITY	Equity partnership in real estate development projects	£10mn	30%+ IRR	Sale/Refi

GLOSSARY

A

Affordable Housing: Social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market.

B

BMV: Below Market Value

Bridge Finance: A short-term loan used until a permanent financing is secured allowing the borrower to meet current obligations by providing immediate cash flow. These loans are short term, high interest rates, and backed by some form of collateral.

C

CRE: Commercial Real Estate, a property used exclusively for business related purposes.

F

First Charge/Second Charge: A legal charge used to secure the main lending. A lender with a first legal charge over a property has a first call on any funds available from the sale of the property, followed by subsequent charge holders.

G

GFCF: Gross fixed capital formation consists of resident producers' investments minus disposals, in fixed assets during a given period.

H

HMO: House in multiple occupation is a property rented out by at least 3 people who are not from 1 'household' but share facilities like the bathroom and kitchen.

M

Mezzanine Finance: A subordinated debt taken in addition to senior debt, typically at higher interest rate and may have an equity component.

N

NIY: Net Initial Yield is the net operating income of the property divided by the gross property value including notional acquisition costs.

P

PBSA: Purpose Built Student Accommodation is a property (generally an entire building) used to house university students.

PRS: Private Rented Sector is a property owned by a landlord and leased to a tenant, privately.

S

Senior Living: Housing designed for seniors 55 and older.

Senior Loan: Debt that takes priority over other debts and must be repaid first.

Social Housing: Housing provided for people on low incomes or with particular needs by government agencies or non-profit organizations.

SPV: Special Purpose Vehicle in real estate is a company setup purely to hold property and have no other businesses.



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