



BILD00

On a mission to help solve the UK housing crisis

Disclaimer

Disclaimer:

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If you are in any doubt about the contents of this document, you should consult a person authorised under FSMA who specialises in advising on investments of the kind to which this document relates.

Introduction

Paths to Financial Freedom

Mike Davis

Co-Founder



BiLDOO

How I got here

Investor, trader, project leader in building trading marketplaces, marketer and coach.

Financial markets, oil, property, advisory, consulting, angel investor.

Large corporate experience and project management.

Trustee of my own SSAS, Group corporate structure, tax efficiency, diversification of asset classes, currencies, risks and income streams.

Property a business and asset class, not a hobby

My goals today - wealth, sharing, lifelong learning & Impact, my mentors and heroes.

The Billionaire's ultimate assets are all intangible; mindset, networks & knowledge.

Ready to challenge presumptions?

Property in context

A journey and evolutionary process



What will property do for you?

Strategy, fads and goals

Strategy evolution, single lets, HMOs, 'mini mos', service accommodation, commercial & new-build.

Next level up is increasingly into commercial and new build developments from refurbishment.

Elements of fashion and drivers from property education/ wealth management sector.

Professionalism and learning through doing.

How comes together for me; how Bildoo connects

Bildoo brought together my impact investing, property and major project backgrounds into one...

Why it's special - a developer but not as we know it...

Property in context

Financial & Property assets

Risk, returns
correlation and
diversification

What will property do for you?

What are your goals: financial and other, planning and measuring?

Passive income, meaning?

Pension Trustee and fund manager lessons, uncorrelated assets, cash flow and risk management.

Plan 1 year vs. 15 years

Exits or entries? Which matter more to you?

Investor or Trader?

Income & capital- a lifetime journey.

Property compounding & leverage.

Are you a one asset class or one strategy investor, financially sophisticated?

Portfolio management, EIS and rebalancing.

Institutional and tax diversification.

Property in context

A journey and evolutionary process



My goals & watchwords personal views as a means of disclosure

Goals personal and collective.

To create a pool of capital that can create almost entirely passive real income, and then 'play' money.

How passive? Tim Ferris' test.

My personal journey, my mentors and heroes.

A lifetime journey self-learning, development, FTE & SE

Knowledge is power.

Have funding structure worth £xxx millions, but it wont work if you wont give equity away to your investors.

Same with a multi-asset portfolio structure you can see in the old testament - but you need to leave it alone!

New world of 'work'.

Asset classes and portfolios.

Enterprise risk broader than DD.

Widespread miss-pricing of risk.

Property in context

A journey and evolutionary process

Why property?

Broader investing environment perceptions - what are your portfolio and individual asset return goals?

Extreme compression in returns, investors forced to take risk to get even modest returns.

ISA and pensions tax advantaged but are embedded costs despite tax status- need returns first.

Pressure on pensions- a struggle to yield even 4-5% institutionally.

Impact of commissions on active management vs. passive and general distrust.

Dalbar survey suggest average US mutual fund only managing 2.6% over 10 year horizon.

Property in context

A journey and evolutionary process

What will property do for you?

Investment for me in financial term represents:

Wealth, growth, work and leisure.

Portfolios, asset classes and global lifecycle investing.

Focus, diversification and risk.

Accumulation and Deaccumulation adapting to priorities- turning spare income into capital and then the reversal of that.

Multiple streams, training and networks.

My property world.

Investing through learning.

How I invest

A journey and evolutionary process

Property and other asset classes alike

Unashamedly discursive.

Pay for good advisors, share what I know, believe in wealth of knowledge not poverty.

Invest in myself, my learning, my team, my experience but through medium of delegation.

Mentorship, cross-fertilization of ideas and disciplines, big corporate to startups, EIS a real-time MBE.

Financial engineering, tax efficiency and governance.

Group structures, took view on credit and leveraged it .

Key is that property is part of wider asset strategy.

Win the timing game by not playing it- free options, multiple exits, avoiding risk pressure points, own time, cash management.

Keep working on the small details, pareto principle.

Try and fail..

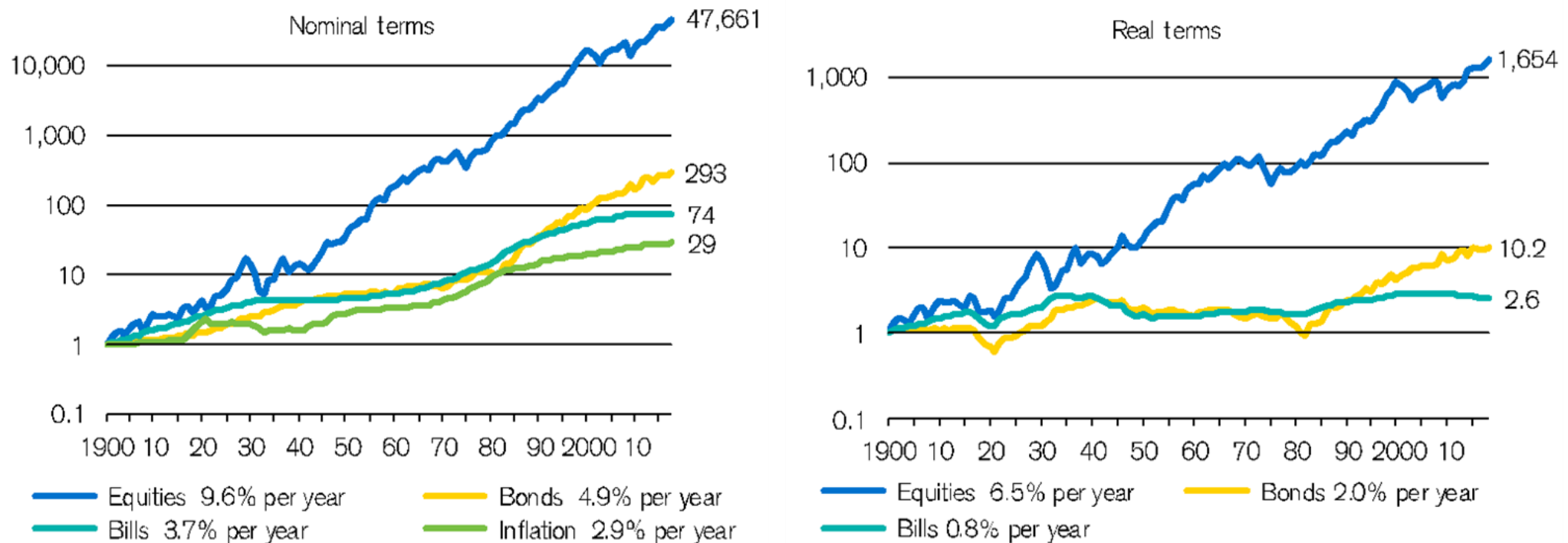


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Compounding: the Universe's 8th Wonder- Einstein; are you earning it or paying it?

Cumulative returns on US asset classes in nominal terms (left-hand side) and real terms (right-hand side), 1900–2017



Source: Elroy Dimson, Paul Marsh, and Mike Staunton, *Triumph of the Optimists*, Princeton University Press, 2002, and subsequent research

but that ignores trading costs, ROTE, accessibility of those returns & indexation issues..

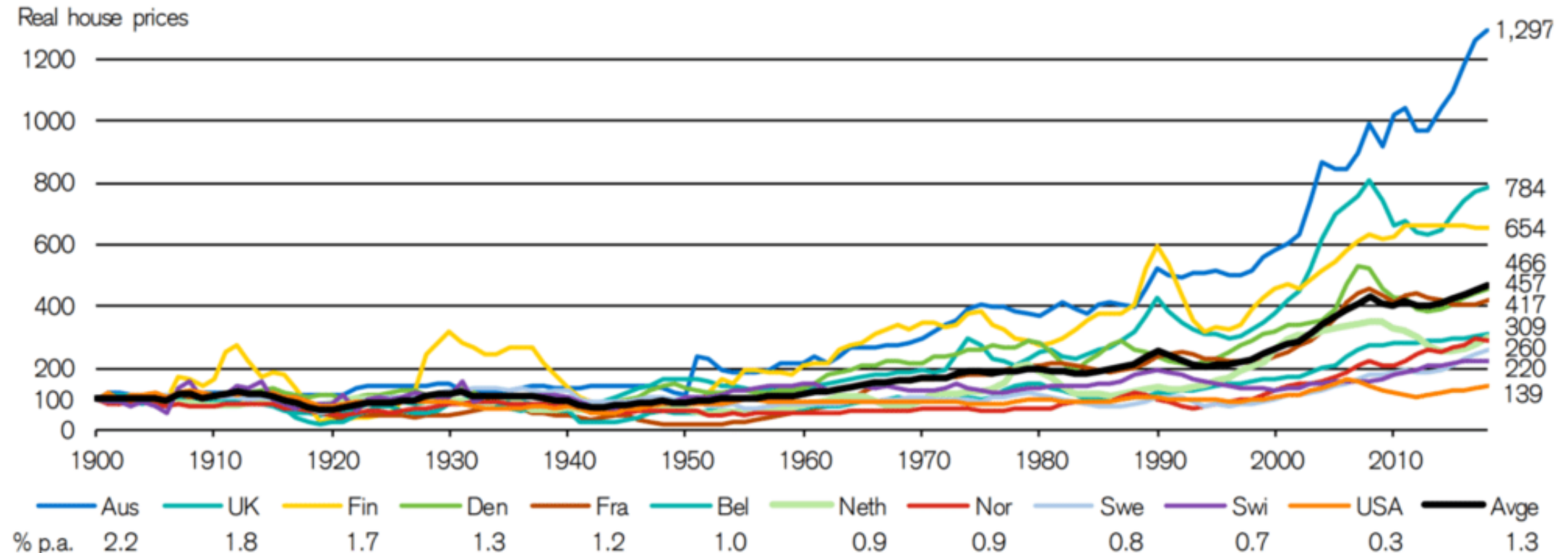
Myth Busters

These are long-term averages:

- Over shorter periods, volatility can push returns either way
- This is key to the last free lunch of asset class diversification, and:
- Why guaranteed, uncorrelated returns and early return of capital can have extra value for an investor
- Cash is usually a low but certain return in this world, but....

LT Residential *Real* Capital Appreciation

Real price of domestic housing in 11 countries, 1900–2017



Sources: Dimson, Marsh and Staunton and see all the sources in Box 4 above

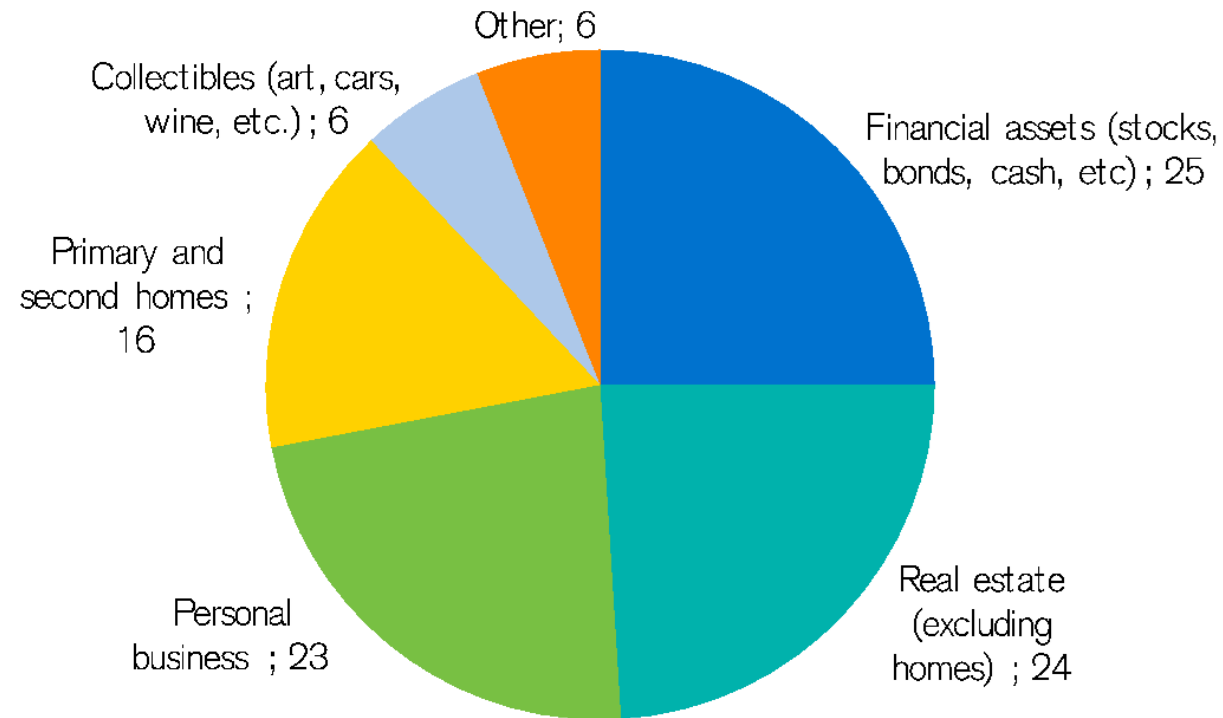
...that ignores rental yield and leverage ...but also buying and selling costs

Model the 'best'..? % Asset Allocations

Ways most HNWI's come from - build a company or own equity in it, or same with property. Capital is created almost when not watching it...

Diversification means not timing and having positions before price run begins and herd joins in

Global average asset allocation of UHNWIs



Source: Knight Frank (2017)

This year's big active fund is rarely the following year's – any property echoes in strategy cycles?

My Investment System

A Hypothesis about asset classes

- Uncorrelated assets, seen crashes, they were all visible coming but timing sucks people in
 - Diversify, diversify, diversify - total market goal
 - Property cycles very long, capital intensive, people holding back for 'sure thing'
 - Notoriously tricky price discovery and fickle liquidity
 - Mismatch between equity and debt, lack of cash
 - Divide asset bases up, cockroach mentality, tuned to investor personality, ironically offered deals if have cash
 - Use cash actively within portfolio- self-bridge using SSAS, see host of bad deals out there
 - Equity level risks paying only debt returns
 - Inexperienced investors fail to leave something on table, so win/lose just collapses deal structures
 - Most valuable assets creativity, network and team
 - Seek win-wins, will walk away

My Investment System

Diversification of Asset classes: 40 years of history

UK Sterling asset-class performance, annual returns 1978-2017

1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
Housing	Gold	Shares	Shares	Bonds	Shares	Shares	Shares	Shares	Bonds	Housing	Shares	Cash	Bonds	Shares	Bonds	Cash	Shares	Shares	Bonds	Bonds	Shares	Bonds	Housing	Housing	Shares	Housing	Gold	Shares	Gold	Gold	Shares	Gold	Bonds	Shares	Shares	Bonds	Housing	Gold	Shares		
27.93%	113.29%	34.62%	13.53%	60.81%	28.69%	31.58%	20.02%	27.23%	16.97%	34.02%	36.09%	14.09%	24.23%	20.49%	31.86%	5.16%	23.85%	16.70%	26.00%	24.25%	24.20%	10.79%	11.72%	26.39%	20.86%	15.10%	31.06%	16.75%	28.88%	42.75%	30.12%	32.82%	22.82%	12.30%	20.81%	22.14%	9.48%	31.58%	10.12%		
Gold	Housing	Inflation	Cash	Gold	Housing	Bonds	Bonds	Gold	Housing	Bonds	Cash	Inflation	Shares	Gold	Shares	Inflation	Bonds	Bonds	Shares	Shares	Housing	Cash	Cash	Gold	Housing	Shares	Shares	Housing	Cash	Bonds	Gold	Shares	Gold	Bonds	Housing	Housing	Inflation	Shares	Housing		
26.98%	30.57%	15.12%	13.03%	32.93%	11.90%	9.96%	14.63%	16.75%	15.54%	15.72%	13.29%	9.34%	20.80%	16.75%	28.39%	2.89%	11.41%	11.18%	23.56%	13.77%	11.47%	5.80%	4.76%	11.57%	15.40%	12.84%	22.04%	9.91%	5.53%	12.04%	14.77%	14.51%	12.28%	3.73%	7.50%	7.75%	1.21%	16.75%	4.53%		
Cash	Inflation	Cash	Inflation	Shares	Bonds	Cash	Cash	Housing	Cash	Shares	Gold	Housing	Cash	Bonds	Gold	Housing	Cash	Housing	Cash	Cash	Bonds	Housing	Gold	Bonds	Gold	Bonds	Bonds	Gold	Shares	Cash	Inflation	Bonds	Inflation	Inflation	Inflation	Inflation	Gold	Shares	Bonds	Inflation	
8.53%	17.24%	15.09%	12.05%	28.05%	9.60%	9.29%	11.56%	13.45%	9.23%	11.53%	9.80%	0.04%	10.82%	13.03%	19.77%	-0.80%	6.33%	7.44%	6.50%	6.81%	5.88%	5.67%	4.34%	10.51%	10.02%	8.55%	10.58%	8.95%	5.32%	4.28%	2.39%	9.16%	4.82%	3.09%	2.68%	5.89%	0.98%	13.42%	3.88%		
Inflation	Cash	Bonds	Housing	Cash	Cash	Housing	Housing	Cash	Shares	Cash	Inflation	Bonds	Inflation	Cash	Cash	Shares	Inflation	Cash	Housing	Housing	Cash	Inflation	Inflation	Cash	Cash	Cash	Housing	Cash	Housing	Inflation	Housing	Inflation	Cash	Gold	Cash	Inflation	Cash	Housing	Bonds		
8.39%	12.99%	13.44%	1.28%	11.35%	9.58%	8.45%	8.68%	10.35%	8.44%	9.84%	7.72%	-0.54%	4.45%	8.91%	5.21%	-5.85%	3.21%	5.78%	5.40%	5.48%	5.04%	2.92%	0.71%	3.86%	3.56%	4.44%	5.06%	4.65%	5.24%	0.95%	1.10%	4.77%	0.48%	0.88%	0.30%	1.62%	0.45%	6.72%	3.88%		
Shares	Shares	Housing	Bonds	Housing	Inflation	Inflation	Inflation	Bonds	Inflation	Inflation	Housing	Shares	Housing	Inflation	Inflation	Gold	Gold	Inflation	Inflation	Inflation	Gold	Gold	Bonds	Inflation	Inflation	Inflation	Cash	Inflation	Inflation	Housing	Cash	Cash	Housing	Cash	Bonds	Shares	Bonds	Inflation	Cash		
8.31%	11.57%	6.97%	-3.70%	7.49%	5.31%	4.58%	5.69%	6.95%	3.69%	6.77%	5.08%	-9.72%	-2.41%	2.58%	1.95%	-7.25%	2.27%	2.46%	3.63%	2.76%	3.85%	1.52%	-0.92%	2.94%	2.80%	3.49%	4.55%	4.44%	4.04%	-16.21%	0.49%	0.50%	-1.30%	0.31%	-7.60%	1.18%	-0.59%	2.49%	0.23%		
Bonds	Bonds	Gold	Gold	Inflation	Gold	Gold	Gold	Inflation	Gold	Gold	Bonds	Gold	Gold	Housing	Housing	Bonds	Housing	Gold	Gold	Gold	Inflation	Shares	Shares	Shares	Bonds	Gold	Inflation	Bonds	Bonds	Shares	Bonds	Housing	Shares	Housing	Gold	Cash	Gold	Cash	Gold	Cash	Gold
-2.65%	11.17%	5.07%	-15.53%	5.41%	-5.23%	1.03%	-14.71%	3.72%	-1.77%	-12.44%	4.23%	-18.74%	-7.11%	-8.34%	1.57%	-7.35%	-1.51%	-13.09%	-19.62%	-0.74%	1.76%	-5.90%	-13.29%	-22.68%	0.79%	-3.08%	2.20%	-0.95%	3.77%	-29.93%	-3.20%	-1.58%	-3.46%	-0.29%	-29.37%	0.38%	-6.95%	0.35%	-1.40%		

Key

- Inflation** UK long-run Retail Price Index (RPI) series
- Cash** 3-month UK Treasury bill rate, daily average
- Bonds** 20-year UK Gilts, yield + capital value
- Shares** FTSE All-Share total returns index
- Housing** Nationwide to 1982, Halifax to 2015, then ONS
- Gold** Last London Gold Fix of the year in GBP

Notes on gold's annual performance comparison, UK data

- The FTSE has topped this table 17 times in the last 4 decades, six of them since 2000;
- Government bonds come next (9 times), then gold and houses (6x each), and cash (2x);
- Five of gold's 6 winning years have come since 2005;
- Inflation averaged 4.5% per year since 1978, gold 6.1%, cash 6.2%, bonds 9.8%, housing 7.2% and shares 12.0%;
- Gold has underperformed the other assets most often, coming bottom 17 times since 1978 (bonds 9, housing 6, shares 5, cash 3);
- Gold is the best-performing asset for UK investors so far in the 21st Century, gaining 416% vs. bonds 201%, housing 179%, FTSE All-Share 132%.

This table is published to inform your thinking, not lead it. All data must be verified elsewhere should you choose to act.

Property in context

Risk, returns correlation and diversification

My personal property journey

- Accidental landlord to accidental foreign property purchaser
- Accidents to purpose and strategy
- Proud to learn from mistakes
- Classic mistake of investing abroad
- Subject to huge counterparty risk
- Currency swings
- Uncertain rental proposition
- Negligible reliable price discovery
- Long sale cycle

Property in context

Risk, returns correlation and diversification

My personal property journey

- **Used my ability to leverage – single lets in London all of which cash flow**
- **added complementary strategy into 2015**
- Yield-focused residential property acquisition and development in the East Midlands
- bought for cash or on commercial bridges, comprehensively refitted and refurbished, then commercially refinanced to minimise capital/yield ratio required
- Large but generally dilapidated, often un-mortgageable or uninhabitable properties returned to the rental markets.
- Not FTB target properties
- Turn these buildings into modernized, safe, alarmed, fully licensed multi-let properties optimized for the local private rental market

Why the East Midlands, (Not M'nchr/Liverpool?)

Why the East Midlands

- 3 BR buildings acquired in Derby/ Nottingham areas
- Achieving gross yields of 11-12% on valuation post refurbishment
- c. 18% on initial purchase price (example £23000 on £128k)

Heartland of UK's manufacturing base

Derby is the *UK Capital for Innovation*, home to global (non-sterling exporters) Rolls-Royce, Toyota UK, Boots and Bombardier.

Wages and 5-yr GVA growth in Derby only matched by handful of southern 'boom towns'

Low property prices, often 1/3 below pre-financial crisis highs

Recovery underway with large-scale investment in infrastructure

Stands to gain from Brexit and any UK rebalancing away from overheating south

Excellent educational establishments (Nottingham university) and transport/tech infrastructure

89 minutes from London

2.1m people within 45 minutes

City	Average Weekly Workplace Earnings 2015 (£)	Manufacturing 2014 (%)	GVA Percentage change 2009-2014 (%)
London	674.90	2.57	28.60
Crawley	641.10	6.32	24.38
Slough	635.50	7.67	15.49
Reading	619.30	2.61	21.92
Aberdeen	617	6.83	23.58
Derby	588.20	17.49	28.97
Aldershot	586.80	6.60	22.63
Cambridge	585.90	2.08	30.61
Oxford	585	3.54	28.37
Milton Keynes	576.50	6.05	32.83

Source: ONS, Annual Survey of Hours and Earnings (ASHE), average gross weekly residence based earnings. Own calculations for PUA-level weighted by number of jobs, CPI inflation adjusted (2012=100).

- Refinancing releases most of total spend after 9-18 months
- Now moving through SA and into development with Bildoo..



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On a mission to help solve the UK housing crisis



Only **163,000** homes were started in 2016/17.

Less than half of what's needed.
Current demand needs **350,000** new homes built per year.

And the **demand is growing.**

The UK housing market is in crisis.

The current situation is not sustainable

60% 
**OF NEW HOMES
ARE BUILT BY JUST
10 COMPANIES**


**1/3 OF MILLENNIALS
WILL NEVER OWN
THEIR OWN HOME**

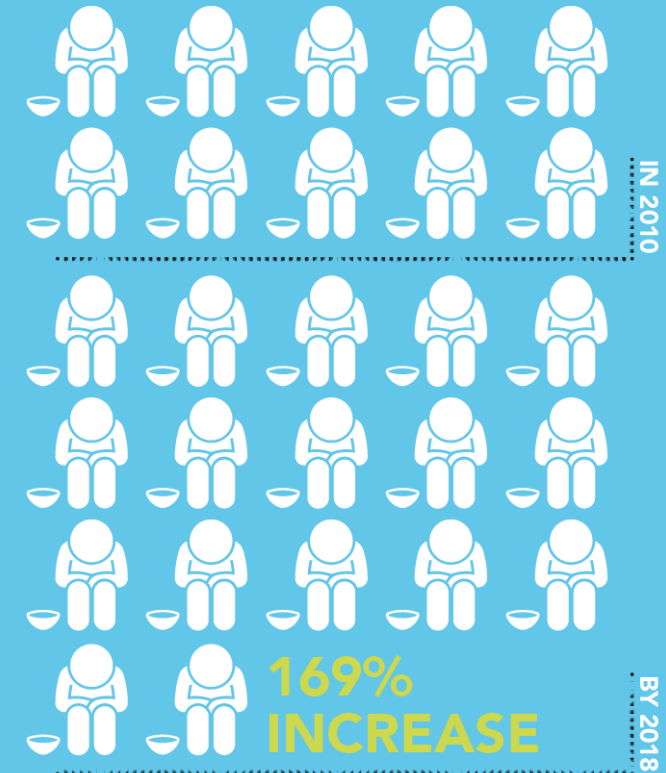


**WE NEED TO DOUBLE THE AMOUNT
OF AFFORDABLE HOMES**

**OVER 1/3 OF NEW HOMES THAT
RECEIVED PLANNING PERMISSION
IN 2010-2016 STILL HAVEN'T BEEN
BUILT**



**HOMELESSNESS
IS INCREASING QUICKLY**



Long build cycles, land banking, trade shortages and surge pricing are holding the provision of much needed homes back.

...There is a better way.

Driving change in construction

Bildoo's 21st century solution uses offsite construction methods where components are built in a factory environment.

This means we can design and build desirable, high quality, green, sustainable homes and communities, more quickly and efficiently.

Benefits of our offsite construction method

Enhanced client experience and faster delivery.



Fewer labourers and increased productivity.



Creates more regional jobs away from large conurbations.

Better quality buildings and infrastructure.



Improved health and safety for workers.

Reduced disruption to the local community during construction.



Improved sustainability of buildings and infrastructure.



Easier to ensure buildings meet quality assurance standards.

Building desirable homes. Better. Faster.

We're working with Local Authorities & Housing Associations, SME Developers, NHS Trusts, Pension Funds and Care Home Providers, delivering quicker build cycles, utilising precision techniques and releasing capital faster.

Who we work with

Local Authorities

An achievable, affordable and fast way to meet your housing targets whilst building communities that thrive together.

Developers

Building beautiful homes, in a fraction of the time. Our approach offers greater control, a faster return on investment and meets the government agenda for planning permission.

Housing Associations

Much shorter lead times and greater control over adaptable living spaces, coupled with directives from local authorities to increase modular building.

Private

The flexible and stylish way of building your next home, extension or garden office keeping the options open to extend as your needs grow.





Garden Suite Concept

Flexible interiors



How we work

We insource and outsource around the specific requirements and the experts we need for each individual project.

This approach typically means housing can be delivered at twice the speed whilst controlling costs and avoiding duplication.



Creating and enhancing communities

Our impact philosophy means we value social impact alongside profitability.

This philosophy is attracting a certain type of investor and helping to build our network of experts, allowing us to scale fast and really make a difference.



To discuss your next development, or find out if this solution could work for you, call us on 0203 146 6566 or drop us an email to info@bildoo.co.uk



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Q & A