



ESTATEGURU



# Investor Guidebook

EstateGuru is an online marketplace facilitating loans for companies and carefully selected investment opportunities for our global investor base. Loan objects are located in Europe whereas investments reach us from more than 100 countries. All of our loans are property-backed, meaning that they are secured with a mortgage on the collateral property. We do not do equity investments - all investments are structured as loans and investors get a direct loan contract with each borrower.



## How does it work?

**Register on the platform, verify your identity and add your EEA bank account information. Do not worry - your data is perfectly safe! We also require you to answer a few questions about your level of investment knowledge before you can start investing.**



- Transfer funds to your virtual account to start investing. Investors' funds are kept on a segregated bank account, completely separate from the company's funds.
- Investigate open loans and choose suitable ones.
- After investing, the remaining part of the loan will be gathered, a mortgage will be provided through a notary transaction and the loan will be transferred to the borrower. EstateGuru's investors' funds will be protected with a mortgage, which means that, in the rare instances where the borrower fails to honour the loan agreement, we can sell the collateral to recoup investor funds.
- A loan contract will be generated for each investment and all contracts are established directly between the investor and the borrower.
- You can invest in suitable selected loans manually; or you can activate the Auto Invest feature which will make investments for you based on your predetermined criteria.
- When a loan is published on the platform Auto Invest investors' funds are placed into the loan first, before it is released for manual investing.
- By selecting each and every investment opportunity you want in your portfolio, you can build a long-term investment portfolio suited to your investment criteria.
- After the loan has been funded you will receive repayments to your virtual account according to the agreed loan repayment schedule.

## You can also watch the video “How it works?”



English



<https://www.youtube.com/watch?v=SzHZK0ib5Ks>



Estonian



<https://www.youtube.com/watch?v=Wmg-sJF0bcl>



German



<https://www.youtube.com/watch?v=KubneJmPX30>



Latvian



<https://www.youtube.com/watch?v=42OPx3zknYk>



Lithuanian



<https://www.youtube.com/watch?v=YvEARuKa-UE>



Russian



<https://www.youtube.com/watch?v=1QicZ6qNo9k>



## What are the criteria of investments?

For each investment, an investor is presented information on:



Loan type and country



Annual interest rate



Loan period



LTV (loan to value)



Loan amount, collateral value and mortgage amount



Manner of repayment

Investors are also given access to information regarding the purpose of the loan, collateral information, collateral valuation report, mortgage information, borrowers' past experience and much more. You have the opportunity to select all suitable investment opportunities one by one.

## How and when will repayments be made?

All repayments will be made based on the terms of your selected loans. From each loan description you can see the manner of repayment (periodically or in full at the end of the loan period), manner of interest payments (periodically or in full at the end of the loan period) and minimum interest period. All repayments will be made directly to your virtual EstateGuru account, from where you can either reinvest the money into suitable loans or withdraw your available funds at all times.

## What to keep in mind when investing?

- Always diversify your investments between loan types, countries, borrowers and asset classes. This ensures your portfolio is protected against potential fluctuations on the market.
- The final investment period of a specific loan may be longer than you initially expect - loans can be extended or, in case of a default, the proceedings to resolve the matter and sell the collateral may require time. Therefore, do not invest funds you may need after a specific period of time and always keep this aspect in mind!
- There is a strong differentiation between secured and unsecured loans. All EstateGuru's loans are secured with a mortgage, meaning that when a borrower defaults, we will sell the collateral asset and our investors are the first in line to receive their funds from the proceeds.
- EstateGuru only lends against the current value of the property, never its projected value!
- Every investment carries a risk. Full overview of adequate risks can be found here: <https://blog.estateguru.co/understanding-dealing-risk/>

## Can I get my money back before the maturity date?

Please be aware that all investments are binding. However, you have the opportunity to sell your claims via the Secondary Market where a 2% fee will be applied. The Secondary Market is a good option for investors who need an early exit from a particular loan. Although the Secondary Market is very active, the sales will only occur once there is a buyer for your particular claim.

## What happens when a loan goes into default?

EstateGuru's loans are secured with mortgages on real estate, therefore once a borrower defaults our debt collection department and partners will step in to liquidate the collateral and make repayments to investors from the proceeds of the sales. We have a strong debt collection process and a great track record. Investors will be informed periodically about the current developments under the loan update section.



<https://blog.estateguru.co/how-estateguru-manages-loan-defaults/>



<https://blog.estateguru.co/et/kuidas-estateguru-tegeleb-probleemsete-laenudega/>



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<https://blog.estateguru.co/lt/kaip-estateguru-valdo-paskolu-nevykdyma/>



<https://blog.estateguru.co/de/wie-estateguru-kreditausfaelle-bewaeltigt-die-personen-der-hintergrund-fallstudien/>

## Where can I get data about my account and investments?

As an investor you have unlimited access to your account details and investment data.

From the “**account overview**” page, you can see your account details with a high level of detail along with key statistics. Please be aware that the projected annual interest rate will be calculated only from your repaid loans.

From the “**portfolio**” page, you can follow your portfolio of investments and loan schedules as well as check your diversification level.

From the “**account balance**” page you can adjust and download income and investment statements whenever needed, and follow all transactions and money movements made from your investment account. You also have the opportunity to track pending and future payments.

Also note that all data can be filtered and downloaded in a format suitable to your needs!








## How are my investments taxed?

EstateGuru does not withhold any taxes from your investments nor returns. You are obligated to declare your taxes based on applicable laws and regulations in your tax residency country.

In Estonia, EstateGuru cooperates with the local tax authorities, thereby enabling investors to have their income data sent directly to the Estonian Tax and Customs Board. This is voluntary and should be indicated specifically in your account settings.

## What do different loan and payment statuses indicate?

### LOAN STATUS

-  **Open** - syndication period is ongoing and investing in the loan is possible.
-  **Fully invested** - the loan amount has been gathered and the notary transaction for setting the mortgage is being prepared. These pending investments are marked in investors' portfolios as "reserved" funds.
-  **Funded** - mortgage has been established and the loan has been issued. Your investment is now earning you returns.
-  **Late** - the borrower is late with their payments and the debt collection process is ongoing. EstateGuru is resolving the situation in accordance with the prescribed procedures.
-  **Defaulted** - EstateGuru has terminated the loan contract, the enforcement proceedings are ongoing for selling the collateral property.
-  **Recovered** - The defaulted loan has been recovered and funds have been repaid to the investors.
-  **Closed** - the necessary funding was raised, however the loan did not reach the notary stage and the funds were released back into the investors' virtual accounts.

### PAYMENT STATUS

- Pending** - funds for the loan have been raised, however the notary transaction has not occurred yet. Normally, the transaction will occur within 1 week from the end of the syndication period.
- Approved** - the loan is funded and funds have been released to the borrower.
- Rejected** - your transaction has been rejected by the system administrator.
- Repaid** - the funds from this particular payment have been repaid.
- Returned** - the loan has been closed and funds have been released to the investors' virtual accounts.
- Refinancing** - a loan has been opened for refinancing and you have reinvested your initial funds.
- Future** - these payments illustrate all payments for which maturity date has not arrived yet. This is a great tool to plan your future cash flows.



## Important phrases to know and understand

**Development loan** is a loan used to finance the project's planning phase or the development/construction of the property itself.

**Bridge loan** is a short-term loan used to meet current obligations before securing a permanent financing option, enhancing the value of the property or selling the underlying asset.

**Business loan** is a loan used to raise capital for supporting the day-to-day activities of the firm, business expansion, acquisition of equipment or goods, and covering pending obligations (taxes, etc.). All loan types are secured with a mortgage!

**Loan-to-Value (LTV)** ratio is an indicator representing the size of a loan compared to the value of the assets securing the loan. So if, for example, the loan amount is €300,000 and the property value is €400,000, LTV would be 75%. Maximum LTV EstateGuru accepts is 75%.

**Projected LTV** represents an LTV figure that EstateGuru's team is willing to offer for this particular project as a maximum. This indicates that within the next upcoming stages of the loan the LTV of the loan might increase up to the projected LTV figure.

**Bullet loan** - represents a payment schedule where only interest is paid for the duration of the loan; principal amount is paid at the end of the loan period as one lump sum payment.

**Full bullet loan** is a payment schedule type where both principal loan amount and the accumulated interest are paid back at the end of the loan period.

**Annuity loan** is paid back in instalments of the same size consisting of a loan repayment portion and an interest portion.

**Stage loan** - Many developers face the challenge in which the current value of their development object does not enable them to raise the capital that is needed to complete the development object entirely. As EstateGuru only lends against the current value of the collateral not the future value, then for development loans we often make use of the stage financing method. This means that when the first investment round of an object enables the borrower to increase the collateral value of the property by developing the object further, then in the context of the given LTV the investment amount can increase via next stages of the loan. The precondition for every stage is a new updated valuation report of the collateral.

**Mortgage Amount** - mortgage amount represents the legal maximum limit which can be claimed from the borrower in case of a default. At EstateGuru, we benefit from a 1.5 mortgage multiplier, meaning that for a €100,000 loan the mortgage amount is €150,000.


**Collateral value** - collateral value represents the price of the collateral asset. The valuation is established by an independent accredited valuation company and a valuation report is the main precondition for each loan.



## What is the EstateGuru referral program?

EstateGuru users can earn extra money with our referral program. In order to become a part of our referral program, you'll have to register with us. Once registered, you can share your personal referral code with your friends. If your friend registers using your referral code and makes an investment, **we will add a 0.5% bonus** of the total confirmed investments made by your friend into successfully funded projects to your and your friend's accounts for the first three months of their EstateGuru membership. With this money, you can make investments or withdraw it to your bank account!



Information can also be found via FAQ page and EstateGuru blog. Investors can also find useful tooltips on the webpage marked with 

For any additional questions or concerns our customer support team is here to help you, simply contact us via [info@estateguru.co](mailto:info@estateguru.co)



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