

## **Locavore Loan Stock – How Does it Work?**

Please find below answers to what we think will be the most commonly asked questions about our loan stock bonds. This is a good introduction where we hope to make everything as clear as possible, but you should also read the 'Condition of Loanstock' document along with everything else we have provided you. You might also want to consider seeking advice from an independent financial adviser.

### **Who do we want to invest in us?**

We want to attract people and organisations to invest who share a common interest in building a more sustainable local food system which puts society first. This might include individuals with a little bit spare in their savings or larger food businesses who share our vision and have free reserves that could be invested in us.

### **How much can I invest?**

We are looking for investment of any amount from £250 upwards. The total amount we wish to raise in loan stock is up to £150k so we won't consider amounts larger than this!

### **Does investing in Locavore mean I part own it?**

No. This is a debt investment so you would be lending us money which we would be due to pay you back with interest. It is not an equity investment and you will have no voting rights. The investment is also not transferable so you can't sell it on or give it to anyone else.

### **What rate or return can I expect to get?**

We are allowing investors to choose the rate of return they would like from 0-5%.

We're hoping investors will choose a lower rate than the maximum in order to reduce our costs and help us further. People should look at investing in us as a chance to do something with their money to contribute to a project they have a common interest in rather than a way of make lots of money. If you're looking for a financial investment with a high return then this is probably not your best bet.

That said, currently savings accounts offer very low returns with the best personal ISA savings currently offering around 2%.

Our financial projections are based on issuing loan stock at an average rate of 3%.

### **How long do I need to invest for?**

We are letting people choose to the length of their investment from 2 to 10 years.

### **Can I get my money back quicker if I need it?**

Possibly. In the case that you would like your initial sum back before the end of the loanstock bond period we will assist in this, if we are in a financial position to do so. Please don't enter the agreement if you think it's likely you will need to do this. Read the 'Condition of Loanstock' document for more info.

### **Could I lose my investment?**

Yes.

This is an unsecured investment meaning your investment has no security and could be lost in its entirety if Locavore goes out of business. We don't plan on that happening but it's common for businesses to fail so you should think really carefully before investing and not invest more than you can afford to lose. You might want to get advice from an independent financial advisor.

### **When will you pay me my interest and when will I get my initial sum back?**

We will pay your interest annually with the first payment 12 months after funds have been transferred. You will receive your lump sum back at the end of the agreement. See the 'Condition of Loanstock' document for more info.

### **Can you give me an example of the return I would get?**

Yes. Here are a few examples:

#### **Example 1: Based on investing £1000 at 3% over 4 years.**

First interest payment (after 12 months): £30  
Second interest payment (after 24 months): £30  
Third interest payment (after 36 months): £30  
Fourth interest payment (after 48 months): £30  
Initial sum returned after 48 months: £1000

You would make £120 over the four years.

#### **Example 2: Based on investing £250 at 6% over 2 years.**

First interest payment (after 12 months): £15  
Second interest payment (after 24 months): £15  
Initial sum returned after 24 months: £250

You would make £30 over the two years.

#### **Example 3: Based on investing £20,000 at 3% over 5 years.**

First interest payment (after 12 months): £600  
Second interest payment (after 24 months): £600  
Third interest payment (after 36 months): £600  
Fourth interest payment (after 48 months): £600  
Fifth interest payment (after 60 months): £600  
Initial sum returned after 60 months: £20,000

You would make £3,000 over the five years.

**Example 4: Based on investing £5,000 at 6% over 3 years and Locavore going bust after 18 months.**

First interest payment (after 12 months): £300

Second interest payment not paid due to company folding.

Initial sum not returned due to company folding.

You would lose £4,700 from your investment.

**How do I make an offer to invest?**

You can make an offer to invest on our website:

[www.glasgowlocavore.org/loanstock](http://www.glasgowlocavore.org/loanstock)

**How will Locavore choose which investment offers to accept?**

In the event that we have a greater value of investment offers than we need, we will choose the offers which are best value for us. That means the ones with the lowest interest rates which are over longer periods of time.