

A collage of images. At the top, a crowd of people is seen from above, walking on a street. In the center, a hand holds a small globe. To the right, a person's arm with a red bracelet and a blue and gold beaded bracelet is visible. At the bottom, a modern building with a glass facade is shown at night, with people walking in front of it. A large red circle is on the right side of the bottom image.

de
nieuwe
meent

Bonds FAQ

Who are we?

de Nieuwe Meent (dNM) aims to create affordable housing for people who want to live in Amsterdam in a communal and sustainable way. We are working on the construction of a residential complex that will consist of about 40 social rental homes.

dNM is the first Amsterdam housing cooperative that is fully organized around the principles of commoning. By commoning we mean the shared use and management of housing, and everything that comes along with it. In addition to commoning, our core values are sustainability, diversity and care. With dNM we hope to meet the wishes of future residents and contribute to the liveability of Amsterdam on the one hand by developing affordable housing and on the other hand by supporting people outside the project with their own cooperative projects.

How do we finance dNM?

The total costs of the project is approximately €6 million. More than 90% of our financing will consist of loans, funds, subsidies, donations and rental income from future residents. The largest source of financing comes from a mortgage from GLS, a German cooperative bank with broad experience in financing cooperative housing projects.

When the building is finished, the rent will be used for maintenance costs and repayment of loans. What remains will be spent by the association on further maintenance and improvements to the commons. For example, we will invest in other housing cooperatives and similar initiatives.

Why do we do a bond campaign?

The campaign is a prerequisite to get the full mortgage from GLS. The bond campaign is also a sustainable and transparent form of crowdfunding that fits well with dNM's vision.

What are bonds?

A bond is a transferable debt instrument for a loan. The buyer of the bond receives interest payment from the issuer.

What do we do with the proceeds?

There are different types of bonds. The differences are in repayment time, interest rates and purpose. We will use some bonds to cover project development costs during the design phase, these have better conditions because of a slightly higher risk. Other

bonds we will exclusively use for the construction of the building. Since our bonds form a loan with a lower interest rate than other funds, we have more resources to realize our ideals. We also find it important to receive such direct support for our housing project. After all, the bond campaign is an expression of support from society, with which we can hopefully inspire other projects.

What are the interest rates?

The return is paid in the form of interest. The interest is 2,2% or 1.8%. This is higher or comparable to the average interest rate of Dutch savings accounts. The investor receives the interest annually depending on the purchasing date..

What is the maximum amount of bonds that you can buy?

There is no limit to the number of bonds that a (legal) person can buy. You can buy individual bonds of € 250 each, or you can combine them in larger packages, of € 1000, € 5000, and € 10,000 each. The sky is the limit!

When will you get your money back?

You will get your money back after the period that you have agreed on with dNM. This can be 5, 10 or 15 years. Repayment is made at the end of the calendar year in which this is indicated by the bondholder. Every year you accumulate interest on the amount for which you purchased the bond. It is possible that dNM may proceed to redeem bonds earlier. For this we offer bondholders the opportunity to indicate that they would like to have their bond redeemed.

An example: if you buy bonds for €10,000 with a 10-year investment period, you will save 1.8% on the initial amount, and €180 is paid to you each year. After 10 years you will also receive back the original amount of €10,000.

At what point will interest on the bond begin?

Interest rates and repayment periods are adjusted to the date of bond purchase. The interests start to accumulate at the beginning of next year.

An example: if you buy a 10 year bonds worth €10,000 in October 2020, the starting period is 1st January 2021. At the end of 2021 you will receive the first interest's annuity. At the end of 2031 you will

receive the €10,000 back.

Is your bond tradable?

Yes, the bonds can be resold. In the first place, the bonds must be offered to the Nieuwe Meent. If no offer is made within a week, you are free to resell the bonds.

Is a donation instead of a bond also possible?

That is of course also possible! You can find a donations section on our website.

Who values the property?

The valuation is necessary to determine the value of the property and an important step in determining the financeability of the property and the feasibility of the project. The valuation has since been started by the GSL bank.

Who performs due diligence?

A due diligence investigation focuses on determining the accuracy of the information presented to the buyer or financier and identifying the risks and opportunities of the company to be acquired. Normally, a due diligence investigation focuses on financial, tax, legal and commercial aspects. In the case of the Nieuwe Meent, due diligence is carried out by the GLS bank.

Can your company, association or foundation also buy bonds?

Yes that is allowed. The bonds are offered to private persons and legal entities such as associations, foundations or companies. When a legal entity participates, it becomes the bondholder, not the contact person. The bonds are suitable for investors who want to support sustainable housing projects in Amsterdam. The bonds are not suitable for investors wanting to speculate with real estate, not in the least because the residential building is a shared property of the association and therefore does not have a real estate value or function.

What are the financial risks?

In general, the higher the expected return, the higher the risk. The expected return on the bonds depends on the income that de Nieuwe Meent generates. The main reasons why de Nieuwe Meent may not be able

to pay out the offered or expected return or even your investment are:

- Unexpected changes in construction costs
- Missing subsidy and / or mortgage applications
- Cancellation of the association due to unforeseen circumstances (in particular the two mentioned above)

Bonds labelled "for project development" have a slightly higher risk than those labelled "for construction costs" because the money is spent earlier in the process. Once we start construction the risk of failure is very low.

The return is paid after the design and construction costs have been paid. There is a risk that the issuer will have insufficient cash left over to distribute the return. For you as an investor, this means that repayment of the bonds will be delayed or, in the event of project failure, the association will be dissolved and the bond cannot be redeemed.

In the event of bankruptcy, the following payments take precedence over the payment of the dividend on the bonds: design and construction costs, construction and installation consultants costs, loans from private and public bodies. For you this means that it remains possible that the yield and / or the bond cannot be repaid.

What is our risk management?

Unexpected additional costs. Here we limit the risk by including reserves in our budget. Our final construction design will also be made in collaboration with the construction team, which means that we will have made a clear agreement about the concrete costs prior to construction.

Missing out on subsidies. In addition to the subsidies and loans that we have included in our current business case, we are already in discussion with possible alternative providers. These backups offer short-term loans in an emergency.

Closing down of the association. The dNM residential community is characterized by strong social cohesion, not least because of its shared values and multi-generational character. It is therefore very unlikely that the association will lose all its active members.

What does our current schedule look like?

The preliminary design of the building will be adjusted during the winter 2020 to the final design (DO), the association will then apply for an environmental

permit and finalize the latest construction advice. Construction will commence in the third quarter of 2021. Residents are estimated to be able to move into the final building in early 2023. Of course this will be celebrated in a big way and all bondholders are cordially invited!

Are there any bond regulations?

The bond regulations can be read in full here.

Why is there no obligation to provide a prospectus?

The Financial Markets Authority (AFM) offers legal entities the possibility to issue bonds up to an amount of €5 million without a prospectus obligation, above all because we have no profit motive. For this we have completed the AFM's information document to provide information to prospective buyers in addition to our bond regulations. You can read this information document here.

Our contact information

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