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SEVEN STARS

Legal Funding

INVESTMENT MEMORANDUM SEVEN STARS LEGAL LTD

SERIES 1 BOND DECEMBER 2028

Seven Stars Legal Limited incorporated and registered in England and Wales under the Companies Act 2006 with registered no: 14229552

Offering USD 8,000,000.00 Bonds maturing 31 December 2028

Each Bond: 1 USD

Minimum Purchase: USD 50,000

This Investment Memorandum sets out the terms on which Seven Stars Legal Ltd (the “**Company**”) is making available 8 million USD Bonds, maturity due **31st December 2028**, each with a denominated value of 1USD (the “**Bonds**”) for issue to certain selected investors (the “**Offer**”).

**THIS DOCUMENT IS IMPORTANT AND REQUIRES
YOUR IMMEDIATE ATTENTION**

If you are in any doubt about the contents of this document, you should consult an authorised person who specialises in advising on the acquisition of shares and other securities and is authorised under the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”) or, if you are not resident in the UK, from another appropriately authorised independent financial advisor in your own jurisdiction.

This Document does not constitute a prospectus as defined by the Regulation (EU) 2017/1129 (UK Prospectus Regulation) (“**the Regulations**”) as the amount being raised is less than €8 million and has not been prepared in accordance with the requirements of the Regulations.

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Seven Stars Legal and the Directors, whose names are set out on page 14 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The whole of this document should be read. In particular, attention is drawn to the section entitled 'Risk Factors' set out on pages 16-19 of this document. An investment in Seven Stars Legal may not be suitable for all recipients of this document. A prospective investor should consider carefully whether an investment in Seven Stars Legal is suitable for them in the light of their personal circumstances and the financial resources available to them. Potential investors should refer to the full terms of the Bond issue contained in the Bond documents and base any decision to invest on those documents. The offer contained in this document is exempt from the general prohibition of dealing etc. in transferable securities without approved prospectus under section 85(1) of the Financial Services and Markets Act 2000 (FSMA) as the total value of the Bonds being offered in a 12-month period are not more than €8,000,000 in accordance with section 86 of FSMA.

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE BONDS MAY INCLUDE BEARER BONDS THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER BONDS, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("US REGULATIONS")). THE BONDS ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON US REGULATIONS.

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GENERAL

The Company accepts responsibility for the information contained in this Investment Memorandum. To the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in the Investment Memorandum is in accordance with the facts and there are no other facts, the omission of which would affect the validity of such information. The Investment Memorandum does not purport to be all-inclusive or necessarily to contain all the information that a prospective investor may desire in investigating, and/or considering an investment in, the Company. The Investment Memorandum may be subject to updating, withdrawal, revision, or amendment. No other representation or warranty, express or implied, is or will be given by the Company, its advisors, or any of its directors, shareholders, partners, or employees as to the accuracy or completeness of the Investment Memorandum or the information or opinions contained therein.

Any financial projections given are illustrative only. None of the projections or assumptions should be taken as promises or forecasts on the part of the Company or any other person, nor should they be taken as implying any indication, assurance or guarantee that those assumptions are correct or exhaustive.

The Investment Memorandum contains forward-looking statements. These statements relate to, amongst other things, the Company's prospects and business strategies. Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations, or comparable expressions, including references to assumptions. The forward-looking statements in the Investment Memorandum are based on the current expectations of the Company and its directors and are subject to risks and uncertainties, including general economic or trading conditions, that could cause actual results to differ materially from those expressed or implied by those statements. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated, or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. These forward-looking statements are made only as at the date of the Investment Memorandum or as at such other date as may be specifically stated. Neither the Company, nor any of its advisors, directors, partners, representatives, agents, consultants, or employees assumes any obligation to any person to review, update or revise any such forward-looking statements.

Each recipient of the Investment Memorandum and any related information must make their own independent assessment of the information provided by, or on behalf of, the Company and is recommended to seek independent advice on such information from an appropriate authorised person specialising in advising on investments of the kind in question. Neither the Company, nor its advisors, directors, partners, representatives, agents, consultants, or employees shall be liable for any

direct, indirect, consequential, or other economic loss or damage suffered directly or indirectly by any person relying on statements or omissions from the Investment Memorandum and to the maximum extent permitted by law, all conditions, warranties, and other terms which might be implied by statute, common law, or the law of equity and any such liability are expressly excluded. The Investment Memorandum should not be construed as a recommendation to prospective investors by the Company or any of its advisors, directors, partners, representatives, agents, consultants, or employees to invest in the Company, and does not form any commitment by the Company to proceed with an investment. The Company reserves the right to terminate the procedure at any time and to terminate any discussions and negotiations with any prospective investors at any time and without giving any reason.

The Company reserves the right to withdraw this Offer of the Bonds at any time and allot to any potential investor less than the full amount of Bonds subscribed for.

Any and all discussions, negotiations and communications, including at management presentations, between any recipient of the Investment Memorandum and the Company and its directors, shareholders, employees, advisors, and/or representatives will remain subject to contract. Any person who invests in the Bonds at any time must comply with all applicable laws and regulations in force in any jurisdiction in which they acquire, offer, or sell the Bonds and must obtain any consent, approval, or permission required in respect of any such transaction under the laws and regulations in force in any jurisdiction to which they are subject or in which any such transaction takes place or in which they possess the Investment Memorandum. Neither the Company nor its directors, partners, representatives, agents, consultants, or employees shall have any responsibility for any such matters.

The distribution of the Investment Memorandum in certain jurisdictions other than the United Kingdom or Ireland may be restricted by law, and therefore, persons accessing the Investment Memorandum or, into whose possession the Investment Memorandum documents come, should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. By receiving and accessing the Investment Memorandum, you represent and warrant to the Company that you are entitled to receive the Investment Memorandum, without contravention of applicable legal or regulatory restrictions in the jurisdiction in which you reside, conduct business, or receive the Investment Memorandum, including in particular the requirements of the UK's Financial Services and Markets Act 2000 or Central Bank and Financial Services Authority Act of Ireland 2003.

RISK WARNINGS

Potential investors should be aware of the risks associated with an investment in the Company, especially at an early stage in its development, and should ensure they have read and understood these risk warnings before continuing. In particular, your attention is drawn to the Risk Factors section of this document that can be found on pages 16-19.

An investment in the Company carries substantial risk and may involve special risks that could lead to a loss of all or a substantial amount of such investment. Unless prospective applicants for the Bonds fully understand and accept the nature of the Company and the potential risks inherent in the Company, they should not invest in the Company. Prospective investors should consider carefully whether an investment in the Company is suitable for themselves in the light of their personal circumstances, the economic climate, and the financial resources available to them. There can be no assurance that the Company's objectives will be achieved, and investment results may vary substantially over time. As such, the whole of an investor's capital may be at risk.

Any investment in limited companies, especially at an early stage in their development, is an inherently risky investment. If you are in any doubt about investing, the company recommends that you consult with your own professional financial advisor.

This document is confidential, being for use only by the persons to whom it is addressed. The document may not be copied or re-produced in any manner or passed to any third party (other than in confidence to the recipient's professional advisors) without the prior written consent of the Company.

During the course of the offer and prior to any sale, each prospective investor will be given an opportunity to ask questions of and receive answers from management of the company concerning the terms and conditions of this offer and to obtain any additional information, to the extent the company possesses such information or can acquire it without unreasonable efforts or expense, necessary to verify the accuracy of the information contained in this memorandum. If you have any questions whatsoever regarding this offer or desire any additional information or documents to verify or supplement the information contained in this memorandum, please email hello@7stars.legal or call +44 2073 057 258.



Seven Stars Legal Ltd

1 Charterhouse Mews, London, England, EC1M 6BB

SUBSCRIPTION PERIOD FROM AND INCLUDING 12 MAY 2025 TO AND INCLUDING 31 DECEMBER 2025.

THE DATE OF THIS INVESTMENT MEMORANDUM IS 12 MAY 2025.

COMPANY: LEI: 213800JFAWSAAEUA8F13

Description	17.5% BDS 31/12/28 USD50000 1
SEDOL	BRV42S1
ISIN	GB00BRV42S14
OPOL	XWBO
CFICODE2015	DBFSFR
FISN	SEVN STAR/17.5 BD 20281231 1 SECD
Depository	CREST
To be listed on	Vienna MTF, XWBO, Wiener Börse AG
Security Trustee	Verdant Trustees Ltd
Registrar	Avenir Registrars Limited
Listing Agent	Onyx Corporate Finance

The Company has admitted to trading earlier maturities of Bonds and has engaged the Listing Agent to admit the Bonds in this document to trading at the earliest possible date.

KEY SERVICE PROVIDERS

Listing Agents: Onyx Corporate Finance

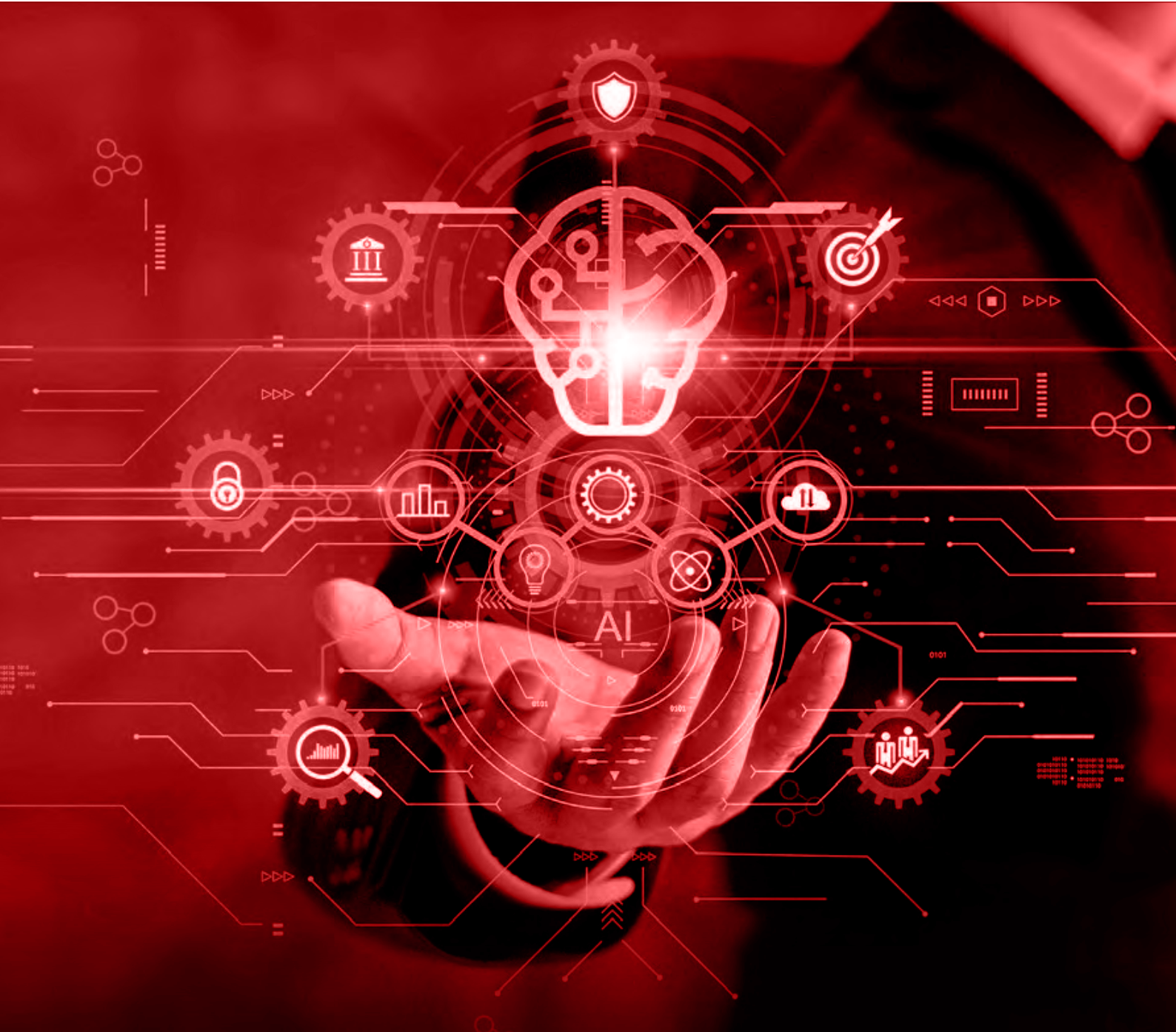


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THE COMPANY

Seven Stars Legal Limited (the “**Company**” or “**Seven Stars**”) is UK incorporated, with Registration number 14229552, with registered office at 1 Charterhouse Mews, London, England, EC1M 6BB.

The Company was established in 2022 as an investment company targeting market leading investor returns working within the well-regarded and regulated UK legal services sector, and specifically litigation cost financing and litigation case generation.

The company was founded and is led by a successful litigation finance team, with an incredible track record and a history of managing approximately £400mn in litigation funding investments, who identified a substantial funding opportunity that far exceeded their existing requirements.

Since launch, Seven Stars has built up a potential loan book of over £40mn and funded over 56,000 claims across various case types.

As of 2025, the company is only investing in the UK and lending to firms working in the UK legal sector, which is globally recognised as one of the preeminent jurisdictions for legal services.

As detailed further in the section “Current Situation” on page 13, at the end of Q1 2025, the Company had a total potential loan book of £44,086,769.00. This figure comprises £37,086,769.00 of agreed loans, with £10,316,361.00 having been drawn down by borrowing law firms, and a further £7,300,000.00 of potential lending undergoing due diligence review.

Our activities to date affirm the view we took when launching the company, namely, that the key to successful litigation financing lies in the selection of cases or case types to fund. At Seven Stars, we take time to select the cases we believe offer the most secure route to a successful and, therefore, profitable judgment.

- We specifically target precedent-based legal claims or claims under Government compensation schemes or Acts for investment, which reduces the risks involved. This is because a precedent-based case has already won a court victory and all cases involving the same facts fall under the same judgment. Such claims include business energy and car finance mis-selling claims.
- We normally lend to regulated law firms, or to regulated marketing companies helping such law firms to acquire cases, ensuring that there is a strict mechanism of controls in place for borrowers.
- We insist on ATE insurance cover on funded cases where the case may be settled in the Courts of England or Wales or where a risk of adverse costs may exist.
- We will only fund cases against liquid entities, such as Banks and Housing Authorities, or Government compensation schemes such as the FSCS.
- We establish minimum claim values for each sector to ensure sufficient capital cover.

What types of cases do we fund?

In addition to precedent-based legal claims, we also fund Housing Disrepair claims against local housing authorities, mis-sold pension claims made via the FOS/FSCS, and Bank Fraud and Contentious Probate claims.

The cases we fund are also known as “no-win, no-fee” agreements and all are carried out with no initial charge to the claimant.

Why do we Establish Minimum Claims Values?

We examine the expected damages in a case to see that there is scope for a healthy return on investment (ROI). Seven Stars lends money to law firms in return for an annualised interest rate, which when coupled with our percentage of the “no-win, no-fee” income, is projected to be sufficient to ensure all parties are paid out in full. This assessment is a key part of our investment underwriting process and is used from the outset to evaluate affordability of funding.

WHY ATE INSURANCE?

Seven Stars also insists on the use of After the Event Insurance policies (ATE), where cases may be decided in the Courts of England and Wales, in order to provide additional underwriting to our risk. While ATE policies are not ‘capital insurance’ and do not benefit us as a funder directly, the purpose of these policies is to cover the claimant (in unsuccessful cases) from having to pay either ‘own disbursement’ costs as well as the defendants costs. Such policies ensure that where a case is unsuccessful, the costs lent to the law firm by Seven Stars are recoverable from the relevant insurance.

NB: ATE insurance is not applicable to claims to the FOS or FSCS (see below).

WHY LIQUID ENTITIES?

Winning a case against a defendant who cannot pay is not an economically viable strategy. Therefore, it is important to ensure that all cases Seven Stars funds are against defendants with solid balance sheets.

The foregoing description of the Company's litigation funding strategy represents the board of the Company's ("the **Board**") present intentions in view of current market conditions and other factors. The Board may vary the foregoing investment objectives and guidelines to the extent it determines that doing so will be in the best interests of the Company and the holders of the Bonds (the "**Bondholders**").

The Company will use standard accounting and financial reporting to fairly reflect its straightforward business model involving the funding it intends to provide and will provide quarterly updates and annual audit reports to Bondholders.

WHAT IS LITIGATION FINANCE?

Litigation finance is when a third party invests in a claim by providing legal and associated fees for a share of the profit, or, in our position, a fixed interest rate loan. The idea is that a good legal claim is an asset. It is worth money, but there's risk. The value of the case can only be realised if you win in court.

Traditionally the law prohibited a non-party from funding another party's legal claim for a profit. These laws were known as 'champerty', and they date back to the Middle Ages in feudal England when unscrupulous lords would fund the claims of their underlings in order to harass one another.

Over time, the practice of funding others' legal claims for profit went the way of jousting and the plague until 1993, when New

South Wales in Australia rolled back its antiquated champerty laws. Lawmakers there wanted to allow outside interests to fund class actions, which were notoriously expensive.

Sensing opportunity, entrepreneurial investors started financing other cases in need of funding and taking a cut of the profits, and an industry was born.

Since the early 90s, litigation financing has become big business, particularly in the US and UK. Although investment in this relatively new asset class has been heavily dominated by institutional investors, Seven Stars has designed a product for a wider market of qualifying investors.

This financing tool provides a valuable means of access to justice for claimants who may not have funds available or may not wish to tie up funds, for costly yet meritorious claims. Equally, increased access to Litigation Funding allows law firms to retain and represent greater numbers of claims.

Prior to the July 2024 UK general election, the Litigation Funding Agreements (Enforceability) Bill 2024, a Bill to amend section 58AA of the Courts and Legal Services Act 1990 to make provision about the enforceability of litigation funding agreements, was working its way through the House of Lords. It was anticipated this Bill would reverse the impact of the 2023 PACCAR ruling in the Supreme Court and protect the rights of consumers – and the law firms representing them – to seek justice using litigation funding.

The Bill was not included in the pre-election "wash up," and the new government has indicated it is awaiting the outcome of the Civil Justice Council's (CJC) third-party litigation funding review before proceeding. The CJC published an interim report in October 2024 and launched a consultation, which closed on 31 January 2025, with a final report due in summer 2025.



UK LITIGATION FINANCING MARKET SEES RAPID GROWTH

The UK's opt-out class action regime, known as collective proceedings, finally started to gain traction in 2022. There are now nine claims certified at the Competition Appeal Tribunal, with many more waiting in the wings.

The UK litigation finance market saw significant developments in 2022, with an array of major group action cases taking place throughout the year. Perhaps the most prominent class action currently underway involves Volkswagen, which agreed to a £193mn settlement following the five-year 'Dieselgate' fight between consumers and the carmakers.

Two of the largest cases, a foreign exchange spot trading cartel and a truck cartel, are now pulling in as much as £50mn in funding when measured with potential funding for adverse costs, according to a report by legal consultancy Brattle. Equally, the Plevin PPI GLO, potentially the largest consumer class action in UK history, has drawn close to £70mn in funding.

Growth in litigation finance has much to do with the fact that class actions can reap big rewards for investors financing the cases, mainly because each group legal action can attract hundreds or thousands of claimants. The UK's Competition Appeal Tribunal recently greenlighted a £2bn collective action claim against multiple major truck manufacturers in relation to the pan-European price-fixing cartel.

Whilst these are just a few examples of the much larger market, the core of the Seven Stars strategy remains firmly fixed on the early groundwork that comes before such huge actions – namely, the funding of hundreds or thousands of smaller, individual claims that benefit from the 'protection' of existing precedent or statutes. While this approach removes the possibility of benefiting from the windfall incomes derived from the GLO cases, it also carries a substantially lower risk profile given the strict profiling of case types prior to lending.

Such claims include those detailed below and on the following pages.

PENSION MIS-SELLING

Where people in the UK have been given poor or unsuitable

financial advice or mis-sold a financial product, they can seek financial justice. A key area of focus is mis-sold or poorly invested pensions, estimated alone to be worth £10bn.

Consumers can complain to and claim from their financial adviser or the pension provider that mis-sold their product. However, depending on the response and the status of the adviser or provider in question, claims often end up in the hands of the FOS or the FSCS.

In the 2023/24 financial year, the FSCS paid out £81mn in compensation across its Investment Provision class, which includes pension and SIPP mis-selling, up from £31mn in 2022/23.

In 2023/24, SIPP provider failures accounted for £31mn alone, up from £25mn in the previous year.

FINAL SALARY PENSION TRANSFERS

- Up to £50bn was transferred out of final salary pension transfers by 210,000 people from April 2015 to April 2017, putting the average pension transfer value at £238,095.
- Between 2015 and 2018, 69% of consumers who sought pension transfer advice were advised to transfer.
- During the same period, the FCA put the average final salary pension transfer value at £352,303, with a total advised upon value of £82.8bn.
- While final salary pension transfers reached a record low in 2023, this still amounted to an estimated 20,000 transfers.

While the popularity of final salary pension transfers exploded between 2015 and 2018 following then-Chancellor George Osborne's pension freedoms reforms, consumers who were mis-sold during this time continue to come forward, and pension transfer mis-selling continues to occur even with recently introduced safeguards in place.

SELF-INVESTED PERSONAL PENSIONS

The UK SIPP market is worth £500bn and is projected to grow 50% to reach £750bn by 2030.

SIPP mis-selling happens in various ways but often occurs when advisers recommend transferring into or opening a SIPP or investing in unsuitable assets, such as Unregulated Collective Investment Schemes, within the SIPP itself.

HOUSING DISREPAIR

Social housing stock in England stands at just over four million, meaning 17% of all households live in such a property.

In 2021/22:

- 10% (2.5 million) of all households rented from housing associations
- 7% (1.6 million) rented from local authorities

Seven Stars funds cases brought against housing associations and local authorities when they fail to fulfil their obligations to their tenants.

We are in a cost-of-living crisis, interest rates remain high and the effects of recent inflation are continuing to be felt. These market conditions mean that demand for social housing is likely to continue.

The introduction of the Homes (Fitness for Human Habitation) Act 2018 has imposed further statutory obligations on landlords increasing the scope in this area.

In addition, scrutiny from both legacy media and social media continues to heighten awareness of the present condition of social housing. TV shows, alongside newspaper investigations and other exposés by social housing activists, have brought to light the bleak reality for many living in social housing.

The liability of landlords for failing to safely maintain premises has increased in scope by way of parliamentary intervention, namely:

- Defective Premises Act 1972
- Landlord and Tenant Act 1985 section 11 (LTA 1985)
- Homes (Fitness for Human Habitation) Act 2018

SHOCKING SCALE OF HOUSING DISREPAIR

Available data - it is unsurprising many housing associations and local authorities refuse to disclose it - paints a valuable picture of the sector and the opportunity to provide access to justice by funding housing disrepair claims.

- Between 2017/18 and 2021/22, 70 English councils reported facing nearly 17,000 disrepair claims and paying out £55.1mn in compensation. That equates to an average compensation award of £3,241.18.
- Lambeth London Borough Council alone saw claims increase 600% in the four years to 2020/21, and were spending £3mn a year, on average, on compensation and costs.
- 12 London boroughs who provided data to Inside Housing collectively spent over £39mn on housing disrepair claims from 2017/18 to 2021/22.
- 89% of all disclosed compensation was paid by housing associations and local authorities in London, Manchester, Sheffield and Birmingham.



BANK FRAUD

Bank fraud is not “just” a financial crime.

It is often a direct violation of personal trust that can leave long lasting emotional scars and devastation on its victims, not to mention a ruinous financial situation.

Seven Stars funds bank fraud claims not just to help law firms assist their clients in recovering their financial losses, but to ensure that justice is done in situations where individuals are defrauded and discover that their bank is unwilling to help them. In many cases, individuals reporting fraud to their banks are simply dismissed, told there is nothing that can be done, and in some cases told outright that they have no-one to blame but themselves.

Given this background, litigation serves as a crucial mechanism for holding banks and building societies accountable and for securing redress for victims of fraud. Continuing to hold financial services providers accountable for their actions is a vital aspect of the current litigation landscape in the UK, where abuses of consumer trust and good faith are uncovered on an ongoing basis.

This is highlighted by data from the Financial Ombudsman Service, which reported in July 2024 that banking complaints had hit a ten-year high, with complaints specifically relating to fraud and scams rising by a fifth in the 2023/24 financial year, to an all-time high of 27,312.

By supporting and funding bank fraud claims, our activities also play a role in assisting individuals who are often vulnerable. For example, victims of romance fraud are likely to be aged between 55 and 64, and are often isolated due to separation, divorce, or bereavement.

- 1 in 3 UK consumers say they have fallen victim to APP fraud. Most of the bank fraud claims we fund involve victims being tricked into making an APP.
- £1.17bn was lost to fraud in 2023 across 2.97 million cases.
- Within these figures, £459.7mn was lost specifically to APP fraud across 232,429 cases.
- Only 62.5% of monies defrauded via APP fraud was returned to victims.
- Romance scams rose by 22% in 2023, with an average of £6,937 stolen per fraud.
- There were 7,660 cases of romance fraud alone reported in England & Wales in 2023.



LITIGATION FINANCE AS AN ASSET CLASS

Litigation finance has evolved from being a niche strategy, to becoming a building block of an asset class that provides capital to monetise legal proceedings. The growing popularity of these financial assets, now commonly referred to as legal assets, has been attributed to the hunt for yield in a low interest-rate environment. Seven Stars argues that legal assets present some fundamental attributes that make them an attractive complement to traditional investments in any market environment.

The first of these investment attributes is the uncorrelated nature of cash flows. The main trigger of returns in legal assets is a legal decision, such as a court judgment. The drivers and timing of legal determinations are unrelated to wider stock market returns, interest rates, inflation, market sentiment, or other financial indicators driving returns across traditional asset classes. The determinants of legal asset returns are mostly case-specific and related to a precise set of facts: applicable law, admissibility, liability, causality, and so on.

To some extent, the legal assets industry stands to benefit from the consequences of crisis in the economy. For example, providers of legal capital have reported increased demand for legal financing as corporations seek to protect their working capital, and the increase in insolvencies is expected to create legal financing needs for at least the next five years.

There is a fundamental reason why legal asset strategies such as litigation finance can offer a strong return to investors, namely, that the expected return on a litigation finance transaction is unrelated to the invested amount. In other words, the amount of capital needed to develop a legal asset is not ultimately related to the asset's future value. The amount of legal spending necessary to get to a judgment or settlement is not necessarily proportional to the value of a dispute but mainly to the complexity of the legal work.

THE PROCESS

Seven Stars provides funding to qualified Law Firms or regulated marketing companies helping such Law Firms to acquire cases for case acquisition, reports & expert witness statements, court fees, and other disbursements as required to run a case through to settlement or judgment. Funds are lent at a set annual interest rate that is competitive for the sector and may also benefit from a preset share of the Solicitor's income as an additional profit element.

Seven Stars has established a team of advisors to oversee the funding requests received from law firms, as well as an established lending due diligence process prior to lending, during funding requests and on regular intervals throughout the loan period.

Due Diligence is carried out on prospective borrowing law firms via an extensive Due Diligence Questionnaire and supporting evidence and includes, but is not limited to:

- SRA verification of Solicitor and firm.
- Full AML & Credit check on borrowing party.
- Review of accounts.
- Cashflow projections and analysis.
- Assessment of case acceptance procedures.
- Review of company policies and insurances.

Due Diligence is also carried out on each funding tranche request, including:

- Verification of ATE.
- Random update sampling on previous funding tranches.

Random sampling of claimant files for retainer and all legal documents may also be conducted post-drawdown of funds by the law firm or regulated marketing company.





CURRENT SITUATION

Our lending and due diligence activities continued during Q1, albeit with a more cautious approach than had been the case during the previous 12 – 18 months due to ongoing restructuring of our lending portfolio.

At the end of Q1 2025, we had signed £37,086,769.00 in funding agreements and financed 28% of this agreed lending to borrowing law firms.

Borrowing law firms draw down funds as and when they need them, and each funding request is subject to further due diligence review, resulting in the differential between loans agreed and loans drawn down to date.

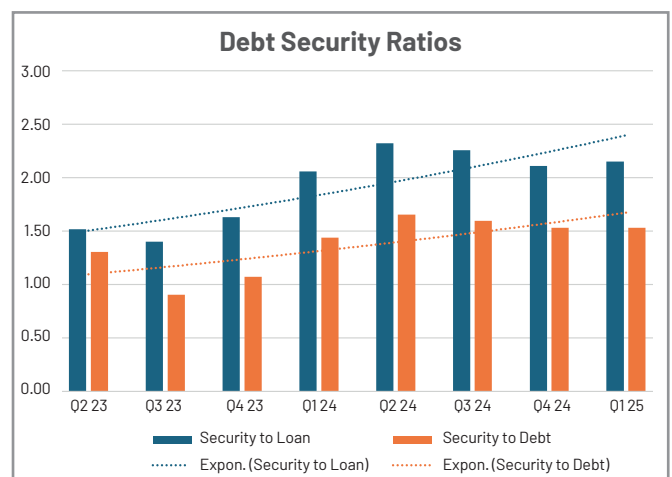
SEVEN STARS LEGAL LITIGATION FUNDING TO DATE (Q1 2025)

Loans Agreed to Date	£37,086,769.00
Loans Drawn Down to Date	£10,316,361.00
Total Indebtedness to Date	£14,477,080.00
Security to Date (Estimated)	£22,000,000.00
Pipeline Under DD Review	£7,300,000.00
Total Potential Loan Book	£44,086,769.00

In addition to our current lending activities, we have a further £7,300,000.00 of loans currently undergoing due diligence review for presentation to our Advisory Panel, giving us potential deployment of up to £44,086,769.00, along with another £5,000,000.00 of lending agreed but not yet signed.

DEBT SECURITY

As of the end of Q1 2025, we sit at a security ratio of 2.15:1 against capital lent, and at 1.53:1 against overall contract debt.



COMPANY MANAGEMENT

The Operational Directors of the Company are Andrew Neal, Duncan Webster, John Walls, and Louis Doyle KC.

ANDREW NEAL

Andrew spent over 15 years working in finance roles for Unilever, before becoming CFO and COO for Lancaster University, where he oversaw one of the biggest investment programs in the Higher Education sector, redefining the Lancaster University Financial Strategy. As part of a small senior group, Andrew led strategy development for the University, helping to establish Lancaster in the top 10 Universities in the UK. Andrew has a deep working knowledge of complex organisations in both the private and not-for-profit sectors. He has been involved in the legal sector and legal funding since 2012 and has been a Director of Lawthority Ltd since 2015.



DUNCAN WEBSTER

Duncan has worked in tax structuring, fundraising, and finance related activities since 2001, and has varied commercial interests in businesses he has invested in from media to medical research. Aside from experiences gained from investing himself, he has gained experience from assisting clients structure their investments across a range of asset classes and has developed a network of individuals and corporate contacts through his activities. Over the past five years, Duncan has arranged or made investments in the Central European region, including in industrials, renewable power and financial services. Across his career, he has fundraised over \$100m for medical research and \$100m for media investments. He has also worked as a risk management analyst in Eastern Power & Energy Trading (TXU Europe). He holds an Economics degree from University College London and has Directorships and former Directorships in various other companies, generally as a professional Director to assist with corporate governance, restructuring or capital raising.



MR. JOHN WALLS DIP IP, PFA, CeMap

With over 30 years' experience in financial services as an Independent Financial Advisor and Managing Director of the company, John has raised millions of pounds in Enterprise Investment Scheme and Litigation Funding as well as advising and arranging investments. John sits on several boards in an advisory capacity using his qualifications, knowledge, and experience in a personal capacity as an investor but also for the benefit of his clients, assisting the board in exploring marketing, product design, and investment opportunities. John appears on the FCA register with the reference JAW00028 and has held the functions of SMF3, SMF16 and SMF17 during his career, although is now retired as an IFA.



MR. LOUIS DOYLE KC

Louis Doyle KC is a commercial silk. He was admitted a solicitor in England & Wales in 1994 before being called to the Bar in 1996, where he now practises from Kings Chambers, Manchester and 9, Stone Buildings, Lincoln's Inn. Louis has very wide experience of commercial litigation, especially that with an insolvency or company law angle – he is the co-author of Doyle, Keay and Curl: Annotated Insolvency Legislation (LexisNexis), now in its 11th edition – as well as all manner of financial disputes. His practice also extends to advisory work and assisting, alone or as part of a team, in the drafting of bespoke commercial documents. He has appeared in about forty reported cases in his field and is also a contributing editor to the leading looseleaf, Gore-Browne on Companies. He is admitted also to the Bar of the Eastern Caribbean Supreme Court, British Virgin Islands Circuit.



SEVEN STARS ADVISORY PANEL

Seven Stars combines an experienced and efficient internal management and administration team with a bespoke and subject-specific Corporate Governance structure that includes our Advisory Panel that provides oversight and verification on law firms and legal sectors. Given the diversity of the sector, case types, and prevailing law, the Advisory Panel includes an experienced leading barrister (King's Counsel) to provide a broad and authoritative review of legal sectors.

Only when a firm and a case type have been fully reviewed and a file specifically prepared is this submitted to the Advisory Panel for review and verification.

Seven Stars' Management undertakes a strict tick-box review process prior to proposing a firm or sector to the Advisory Panel. Whilst the Panel will not act as a de facto Investment Committee, the oversight capacity will allow the Advisory Panel to raise flags on any funding opportunity.

For further details on the Advisory Panel and to access a complete list of members, please visit the Seven Stars website where bios will be available.

Seven Stars Legal's Advisory Panel currently comprises John Walls, Louis Doyle (both also Directors of Seven Stars Legal Limited) and Stephen Chinnery.

MR. STEPHEN CHINNERY

Stephen is a qualified Solicitor Advocate and routinely acts as both litigator and advocate in County Court, High Court, and Tribunal disputes. He has 20 years' experience of dealing with complex commercial cases.

Stephen deals with all aspects of contentious, insolvency including claims made against directors, bankruptcy issues, and directors' disqualification. Stephen also specialises in Tax Disputes: he routinely pursues appeals in the Tax Tribunals and Judicial Review against HMRC in the High Court. Stephen appears on the SRA Register with number 293538 and is a member of the UK Law Society.



GENERAL

As per this Investment Memorandum, Seven Stars seeks the guidance of the Advisory Panel on all investments. Its task is to review, verify, and approve all distributions of capital to recipient firms. It is the role of Andrew Neal (Director), as part of the Board, to lead on the agreed due diligence process. The Advisory Panel is notified when this is complete, and documentation can be provided to the panel as required by them. Sign off is required before distribution of Seven Stars funds to borrowers.

In the first instance, a majority of the Advisory Panel is required to approve a funding agreement with a borrowing firm, but we aim for full alignment.

USE OF PROCEEDS BY SEVEN STARS



The net proceeds of the Bonds will be used by the Company in the execution of its litigation funding strategy and/or to make payments required to be made pursuant to any agreement entered into by the Company in connection with the Bonds and the litigation funding strategy. It is the intention of Seven Stars that all net proceeds from subscriptions, after fees, will be directly attributed either to the funding of cases, primarily for Housing Disrepair or within the financial mis-selling sector or claims arising from undisclosed commissions, or to case generation and marketing for case activities or to other costs believed to be of value in supporting the overall strategy.

Seven Stars assesses each funding application and lends funds based on a defined due diligence list for both the borrowing party and the case type to be financed.

SEVEN STARS EXIT STRATEGY



The Company has identified four potential exit strategies for Bondholders, summarised as follows:

1. The financial projections indicate that the company will comfortably be able to pay back the proceeds of the Bond from interest received from borrowing parties and capital repayment of loans;
2. Seven Stars will consider proceeding to list the company on an appropriate stock exchange and is confident that the net monies raised from the IPO process will be able to cover the repayment of the Bond in full;
3. A trade sale also creates an opportunity to repay the Bondholders; or
4. The Company may also consider a sale of assets into a listed, managed fund, or pension fund of sufficient scale.

Option 1 is, however, our preferred choice, and forecasts show the Company will be able to pay back the interest from the proceeds of the Bond from free cash flow, culminating in full repayment of interest due and capital from the Bond on 31st December 2028.

RISK FACTORS



An investment in Bonds involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment.

Considerations, as well as all the other information contained in this Investment Memorandum before deciding to acquire the Bonds. Prospective investors should ensure they fully understand the nature of the Bonds as well as the extent of their exposure to risks associated with an investment in the

Bonds – including a risk of loss of part or all their investment. The risk factors set out below are a summary of the principal risks associated with an investment in the Bonds.

Dependence on Availability of Capital

Borrowing exposes the Company to movements in loan interest rates and the possibility that the Company's capital repayment commitments may exceed the capital value of the Company's assets. The cash flows that can be generated by the Company are largely dependent on the amount of capital received from investors and the appetite from borrowers to fund cases at a given rate of interest. There is no debt ceiling or borrowing limit imposed on the Company by way of its Articles of Association or other constituting documents.

Accuracy of Borrower Credit Assessment

There can be no guarantee of the accuracy of the Company's borrower credit assessments. When an application for credit is received, the borrower will be required to submit the following documentation:

- Application form.
- Evidence of Director identity such as passport and/or a utility bill.
- Revenues.
- Copies of all template Client retainer documents.
- Last filed accounts.
- SRA Registration details.
- Detailed cash flow projections to demonstrate ability to repay.

The Company will then verify this with the Solicitor and independent sources.

The application form contains a full company history questionnaire, income and expenditure breakdown, and financial history questionnaire. The company's credit status is also checked. The credit status, however, is not the primary decision-maker for the purposes of the Company's lending.

The Company specialises in lending into this sector, and therefore, credit status checks are made for compliance purposes as opposed to lending purposes. Investments are made primarily based on the strength of the underlying cases, the proposed borrowing level, and the income potential of the claims.

Loan Delinquency

There can be no guarantee that the proceeds of cases will be sufficient to pay back loans made. To mitigate this risk, lending agreements will be entered into with the specific firm of Solicitors and each tranche of funding will be accompanied by a detailed breakdown of cases with a target security level of 1.5x funding. The Solicitor must agree to provide either a debenture at company level or a specific assignment of rights over the individual cases.

Loans are made to Companies and individual Solicitor practices. One risk for non-repayment of loans and/or interest due will be through potentially fraudulent activities on the

part of the Solicitor. In such instances, Seven Stars will follow SRA complaints procedures, which may include the ability to claim from the SRA Indemnity fund or against the mandated PI insurance that each Solicitor firm is obliged to hold.

Delayed Settlement

It is possible that not all funded cases will settle within the life of the Bond. Cases will be assessed based on expected duration but if they take longer than expected this may impact on the ability of legal firms to repay Seven Stars.

The Company may not Identify all Risks and Liabilities in Respect of Litigation Funding

While the concept of what the Company wants to achieve has been proven for private clients, the Company has advanced its first loans to law firms and continues to conduct due diligence to enter into loan agreements with further law firms to help to expand and develop its loan portfolio, the litigation finance sector remains relatively nascent. As such, as the industry continues to develop, additional and as yet unidentified or unknown risks may become apparent.

The company has 33 months of trading history and to date has not suffered default of payments or repayments from any of the borrowing parties.

The directors and advisory board/management have a large amount of experience in business in a variety of industries, but there can be no guarantee that they will possess all the skills necessary to carry out the strategies in this document.

Dependance on 3rd Party KPI Delivery

Seven Stars will be lending to regulated, third-party law firms for the purpose of acquiring and running cases to settlement or judgment. It should be noted that Seven Stars will have no operational control over the day-to-day management of these cases and, as such, will be wholly dependent on the execution of the borrowing law firms.

Risk to Changes in Regulation

The Company is obliged to comply with any new rules, regulations, and laws applicable to the industry in which it operates. Approvals, licences, and permits are, as a practical matter, subject to the discretion of the Applicable governments or governmental offices. The Company must comply with existing standards, laws, and regulations that may entail greater or lesser costs and delays, depending on the nature of the activity to be permitted and the permitting authority. New laws and regulations could have a material adverse impact on the Company's results, operations, and financial condition. The Company's intended activities will be dependent upon the grant and maintenance of appropriate licenses, leases, permits, and regulatory consents, which could subsequently be withdrawn or made subject to limitations. There can be no assurance that they will be granted, renewed or, if so, on what terms.

Operational Risk

Operational risk and losses can result from external and internal failures or inadequacies, failure to comply with regulatory requirements and conduct of business rules, failure or inadequacy of regulatory systems generally, natural disasters or the failure of external systems, such as, for example, those of the Company's contractual counterparties.

Terrorist acts, other acts of war or hostility, and geopolitical, pandemic, or other such events may result in economic and political uncertainties which could have a material adverse effect on the United Kingdom, the United States of America ("US"), Ireland, and international economic conditions and more specifically on the Company's results of operations, financial condition, or prospects.

Dependence on Key Personnel

The Company's future performance and success is substantially dependent on the continued services and continuing contributions of the senior management. Although the Company has agreed contractual arrangements to secure the services of the Directors, the retention of these services cannot be guaranteed. The loss of the services of any of the Company's executive officers or senior management could have a material adverse effect on the Company's business.

In addition, the future success of the Company may be dependent on its ability to integrate new teams or professionals. There can be no guarantee that the Company will be able to recruit such teams or effect such integration. Failure to do so could have a material adverse effect on the financial condition, results, or operations of the Company.

Overseas Taxation

The Company may be subject to tax under the tax rules of the jurisdictions in which it invests. The current operational mandate is solely to lend within the English & Welsh legal system and largely to SRA registered firms. Therefore, it is not anticipated that overseas taxation on Company activities will be a factor. This statement is, however, not intended to be tax guidance to individual Bondholders.

Changes in Tax Legislation or Practice

Any changes to the tax status of the Company or any of its underlying investments, or to tax legislation or practice, could affect the value of investments held by the Company, affect the Company's ability to provide returns to Bondholders and affect the tax treatment for Bondholders of their investments in the Company (including the applicable rates of tax and availability of reliefs). It is strongly advised that any prospective investors take their own independent professional tax advice before acquiring any Bonds and seek updated professional tax advice on a regular basis thereafter.

Changes in Interest Rates

If the Company incurs any indebtedness other than by way of issuance of the Bonds, changes in interest rates could

adversely affect the results of the Company's operations by increasing finance costs. Any increase in interest rates would increase debt service costs and adversely affect the Company's cash flow. Changes in interest rates could, therefore, have an adverse effect on the Company's business, results of operations, financial condition, and/or prospects. In addition, if interest rates on any future borrowing entered into are higher than the rates applicable to existing debt, then the Company's profitability may be affected.

Risk of Damage to Reputation and Negative Publicity

The Company's ability to retain existing management contracts and client relationships and to attract new business is dependent on the maintenance of its reputation. The Company may be vulnerable to adverse market perception as it operates in an industry where high levels of integrity and client trust are paramount. Any perceived, actual, or alleged mismanagement, fraud, or failure to satisfy the Company's responsibilities, or the negative publicity resulting from such activities or the allegation by a third party of such activities (whether well founded or not) associated with the Company, could have a material adverse effect on the financial condition, results, or operations of the Company.

Litigation

Legal proceedings may arise from time to time in the course of the Company's business. The Directors cannot preclude that litigation may be brought against the Company and that such litigation could have a material adverse effect on the financial condition, results, or operations of the Company.

Risks Related to the Bonds Generally

The conditions of the Bonds contain provisions for calling meetings of the Bondholders to consider matters affecting their interests generally and to obtain written resolutions on matters relating to the Bonds from Bondholders without calling a meeting. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and those who voted in a manner contrary to the majority.

Modification, Waivers and Substitution

The Company may, without the consent of Bondholders, agree to any modification of the Security Trust Deed (as defined in Description of Bonds and Subscription below) that is (in the opinion of the Company) of a formal, minor, or technical nature, or which is made to correct a manifest error.

The Imposition of Withholding Taxes in Certain Jurisdictions

There can be no assurance that payments to the Company will not be subject to withholding or other taxes. Therefore, if a payment is made via a country that has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Company nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of such imposition of such withholding tax.

Automatic Exchange of Information Legislation

Prospective investors should consult their own professional tax and other advisors in relation to the (international) automatic exchange of information legislation currently in force and how such legislation affects the Bondholder in terms of the potential exchange of information to the Bondholder's governing tax authority and any payments made to or received by the Bondholder.

Risk of Early Repayment

If a change in law relating to taxation results in the Company becoming obliged to increase the amounts payable under the Bonds, the Company may repay outstanding amounts under the Bonds early.

Upon repayment of the Bonds, prospective investors may not be able to reinvest the repayment proceeds at an effective interest rate as high as the interest rate on the Bonds being repaid and may only be able to do so at a lower rate. Prospective investors should consider investment risk in light of other investments available at the time.

Change in UK Law

The Company is an entity domiciled and incorporated in the jurisdiction of England and Wales. No assurance can be given as to the impact of any possible change to English law, regulatory or administrative practice in the UK, or to UK tax law, or the interpretation or administration thereof, or to the published practice of HM Revenue & Customs as applied in the UK after the date of this Document.

The Secondary Market Generally

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The Bonds are designed for specific investment objectives or strategies. As such, the Bonds generally will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Bonds.

Realisation From Sale of the Bonds May be Less Than Original Investments

Where a Bondholder chooses to sell their Bonds at any time prior to their maturity, if a sale is capable of being made, they may receive a price from such sale which is less than the original investment made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates, and the current financial position and an assessment of the future prospects of the Company.

Interest Rate Risks

The Bonds bear interest at a fixed rate rather than by reference to an underlying index. Accordingly, if interest rates rise, then the income payable on the Bonds might become less attractive, and the price that may be realised on a sale of the Bonds may fall. However, the market price of the Bonds from time to time has no effect on the total income a prospective investor can expect to receive on maturity of the Bonds if they hold the Bonds until maturity. Further, inflation will reduce the real value of the Bonds over time, which may affect what a prospective investor could buy with their investment in the future and may make the fixed rate payable on the Bonds less attractive in the future, again affecting the price that a prospective investor could realise on a sale of the Bonds.

Risks Relating to the Company's Indebtedness and the Bonds

The Company will have a substantial amount of indebtedness following this Offer, which may adversely affect the Company's cash flow and ability to operate the business, remain in compliance with debt covenants, and make payments on debt, including the Bonds.

The Company may not be Able to Obtain Adequate Financing to Execute its Operating Strategy

The Company's ability to execute its operating strategy is highly dependent on having access to capital. The Company believes it has addressed its long-term liquidity needs through this Offer, provided a majority of the Bonds are purchased. However, the Company may need to implement the use of bank credit facilities, second lien term credit facilities, and another Offer should too few Bonds be purchased.

Following this Offer, the Company may, but will not necessarily, examine the following alternative sources of capital:

- Borrowings from banks or other lenders;
- the issuance of debt securities;
- the sale of equity securities;
- accounts receivable financing; and
- joint venture financing.

The availability of these sources of capital will depend upon several factors, some of which are beyond the Company's control. These factors include general economic and financial market conditions, the Company's credit ratings, interest rates, market perceptions of us or the industry, the Company's market value, and operating performance. The Company may be unable to execute its operating strategy if it cannot obtain capital from these sources.

Losses and Liabilities from Uninsured or Underinsured Operating Activities could have a Material Adverse Effect on the Company's Financial Condition and Operations

If a significant event that is not fully insured or indemnified occurs, it could materially and adversely affect the Company's financial condition and results of operations, which could result in the Company being unable to meet its obligations to investors.



DESCRIPTION OF BONDS AND SUBSCRIPTION



The Bonds will be issued pursuant to the Bond Instrument dated 12 May 2025 between the Company and Verdant Trustees Ltd, a company registered under the laws of England and Wales with company number 15560079, whose registered office is 128 City Road, London, United Kingdom, EC1V 2NX, acting as security trustee for and on behalf of the Bondholders (the “**Security Trustee**”) (the “**Bond Instrument**”) and have the benefit of the debenture dated 12 May 2025 between the Company and the Security Trustee (the “**Debenture**”), the security trust deed dated 12 May 2025 between the Company and the Security Trustee (the “**Security Trust Deed**”) and the intercreditor deed dated 22 November 2022 between the Company and the Security Trustee (the “**Intercreditor Deed**”).

The Bonds will be sold as set out in the Bond Instrument in minimum increments of 1USD above a minimum purchase of USD 50,000.00. The Bonds will pay interest at a rate of seventeen and a half percent (17.50%) per annum with interest payable on 30 June and 31 December in arrears. The first interest payment will be pro-rated and will be made on the next usual coupon payment day (in each of June and December) falling after investment, for interest accrued from the date of the issuance of the Bonds.

Upon the consummation of this Offer, the aggregate principal amount of the issued Bonds is expected to be USD 8,000,000.00.

The Offer period will commence on the date of this Investment Memorandum and continue, subject to the right of the Company to terminate this Offer any time, until the earlier of: (i) the sale of all of the Bonds offered hereby or (ii) the end of the Offer period, unless extended in the sole discretion of the Company for up to an additional ninety (90) days.

If the Company becomes insolvent or is liquidated, the collateral pledged as security for the Bonds will be made available to satisfy the obligations under the Security Trust Deed.

The Bonds are the obligations of the Company, its successors and/or assigns.

The Bonds being offered will not be registered under the Securities Act, and the certificates representing such Bonds will contain a legend restricting their resale, transfer, or other disposition unless and until they have been registered under the Securities Act or the Company has received an opinion of counsel that registration is not required due to an exemption. Furthermore, there is not currently and may never be a public market for any of the Bonds. The Bonds may not be offered or sold within the United States or to U.S. persons except to “qualified institutional buyers” in reliance on the exemption from registration provided by Rule 144A, and to certain persons in offshore transactions in reliance on Regulation S. You are hereby notified that sellers of the Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

FORM OF THE BONDS

Each Bond will be in the form of either (i) **Individual Bond Certificates** in registered form (“Individual Bond Certificates”) or (ii) dematerialised uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) (the “**Uncertificated Regulations**”), in CREST (as detailed below)

The conditions applicable to any Bond will consist of the conditions set out in the Bond Instrument.

BOOK-ENTRY CLEARING SYSTEMS

The information below is subject to any change in or reinterpretation of the rules, regulations and procedures of CREST (together the “Clearing System”) currently in effect. Investors wishing to use the facilities of the Clearing System are advised to confirm the continued applicability of the rules, regulations, and procedures of the Clearing System. Neither the Company nor the Security Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of the Clearing System or for maintaining, supervising or review any records relating to such beneficial ownership interests.

CREST

Bonds may be issued in registered form and settled and transferred through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”) in accordance with the Uncertificated Regulations.

Investors wishing to have their Bonds delivered to a CREST stock account in their own name should include their CREST details in the relevant section of the application form. Dealing in the Bonds in advance of the crediting of the relevant CREST accounts will be at the risk of the relevant investor.

The Registrar (as defined in Counterparties and Advisors below) may decline to register a transfer of an uncertificated Bond which is traded through the CREST system in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated Bonds are to be transferred exceeds four.

The settlement of Bonds through CREST means an investor will:

1. authorise the Registrar to credit the CREST account specified with the number of Bonds for which the application is accepted; and
2. agree that, in the event of any difficulties or delays in the admission of the Bonds to CREST or the use of CREST in relation to the issue, the Company and the Registrar may agree that all of the Bonds should be issued as Individual Bond Certificates.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

Each person appointed by the Company to distribute the Bonds (each a “**Distributor**”) has represented and agreed, and each further Distributor appointed by the Company will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Investment Memorandum to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4 (1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive 2016/97/ EU (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4 (1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

UNITED KINGDOM

Each Distributor has represented, warranted, and agreed that:

1. No deposit-taking: in relation to any Bonds having a maturity of less than one year:
 - (a) it is a Person whose ordinary activities involve it in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of its business; and
 - (b) it has not offered or sold and will not offer or sell any Bonds other than to Persons:
 - (i) whose ordinary activities involve them in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (ii) who it is reasonable to expect will acquire, hold, manage, or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Company;
2. Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Company;

3. Retail investors: it has not offered, sold, or otherwise made available and will not offer, sell, or otherwise make available any Bonds which are the subject of the offering contemplated by this Investment Memorandum to any retail investor in the United Kingdom. For the purposes of this provision, the expression retail investor means a Person who is one (or more) of the following:
 - (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or
 - (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2 (1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and
4. General compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

GENERAL

Each Distributor has represented, warranted, and agreed that (to the best of its knowledge and belief) it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells, or delivers Bonds or possesses, distributes, or publishes this Investment Memorandum or any related offering material, in all cases at its own expense. Other Persons into whose hands this Investment Memorandum comes are required by the Company to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell, or deliver Bonds or possess, distribute, or publish this Investment Memorandum or any related offering material, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Company. Any such supplement or modification may be set out in a supplement to this Investment Memorandum.

MATERIAL CONTRACTS

Bond Instruments dated 1 November 2022, 22 November 2022, 14 June 2023, 15 February 2024, 13 November 2024 and 12 May 2025 between the Company and the Security Trustee.

Debentures dated 1 November 2022, 22 November 2022, 14 June 2023, 15 February 2024, 13 November 2024 and 12 May 2025 between the Company and the Security Trustee.

Security trust deeds dated 1 November 2022, 22 November 2022, 14 June 2023, 15 February 2024, 13 November 2024 and 12 May 2025 between the Company and the Security Trustee.

The Intercreditor Deed dated 1 November 2022 between the Company and the Security Trustee.

The Company is obliged to pay certain fees and expenses to third parties. Such fees do not affect the liability of the Company to repay the full amount of the Subscriber's capital at the end of the term, and nor do they reduce the interest payable. Obligations that can be identified as of the date of this document are set out below.

- Fees may be paid to introducers for bringing subscribers to the Bond. Seven Stars' long-term aim is for these commissions to be in the order of 5%, but this may be higher as dictated by the terms of fundraising, including but not limited to the volume and value of business.
- A management services contract will be let to a value of 1.5% of capital raised to provide administrative services.
- A commercial fee of 1.75% is paid to third-party specialist firms involved in the sourcing and profiling of borrowing law firms, although this fee is also covered through the charging of a 4% arrangement fee to each successful borrower.
- Additional professional consultancy fees may also be payable in addition to the commercial fee.

COUNTERPARTIES AND ADVISORS

Registrar: Avenir Registrars Limited
5 St. John's Lane, London, United Kingdom, EC1M 4BH

Receiving Agent & Paying Agent: GC Partners Group Ltd
One New Change, London, United Kingdom, EC4M 9AF

Security Trustee: Verdant Trustees Ltd
128 City Road, London, United Kingdom, EC1V 2NXM

Auditors: Anstey Bond
1 Charterhouse Mews, Barbican, London EC1 M6BB

Registrar: Avenir Registrars Ltd

Avenir Registrars was founded in 2014 and is operated by a team with extensive front-line market experience and hands-on knowledge of delivering CREST registration, helping its clients to navigate what is typically a complex path reliant on time-critical inputs.

Receiving Agent and Paying Agent: GC Partners Group Ltd

Founded in 2003, GC Partners has since served over 150,000 individual and corporate clients with their money transfer requirements, offering this and a broad range of other services to major international corporations, accountancy and legal practices, and businesses in many other sectors.

Security Trustee: Verdant Trustees Ltd

Verdant Trustees specialises in providing professional security trustee services designed to protect assets and ensure the smooth, impartial execution of financial agreements. Its role as an independent trustee is to safeguard the interests of all parties involved, ensuring compliance, transparency, and legal protection.

Auditors: Anstey Bond Ltd

London-based Anstey Bond is a well-established accountancy firm offering systematic examination of business systems, accounts, operations together with audits of investment funds. The firm's audit approach is rigorous and detailed, to ensure full transparency and compliance. Anstey Bond LLP is regulated by the Institute of Chartered Accountants (ICAEW).

ADDITIONAL INFORMATION

1. Subsidiaries

The Company has no subsidiaries.

2. Memorandum and Articles of Association

The Company has authority to issue and allot the Bonds pursuant to its Articles of Association and the Bonds are duly constituted pursuant to the Bond Instrument.

3. Directors' Shareholdings & Interest

The Company is wholly owned by its parent company. A list of shareholders is available upon request.

4. Taxation

It is advised that all prospective investors take independent professional tax advice before acquiring any Bonds and, upon acquisition, to continue to seek updated tax advice on a regular basis.

United Kingdom taxation

The following summary is intended only as a general guide and outlines certain aspects of UK taxation that apply to persons who are the beneficial owners of Bonds. It is based on a summary of the Company's understanding of current law and practice in the UK and is not a complete or exhaustive analysis. Some aspects do not apply to certain classes of persons (such as dealers, certain professional investors and persons connected with the Company) to whom special rules may apply. The UK tax treatment of prospective Bondholders depends on their individual circumstances and may, therefore, differ from that set out below or maybe subject to change in the future. Prospective Bondholders who are in any doubt over their tax position or may be subject to tax in a jurisdiction other than the UK should seek professional advice. This summary only deals with the matters expressly set out below.

4.1 Withholding Tax on the Bonds

Other than in the circumstances below, an amount must generally be withheld from payments of interest on the Bonds on account of UK income tax at the basic rate (currently 20 per cent). If interest is paid under deduction of UK income tax, taxpayers not chargeable to UK income tax on interest income may reclaim the tax withheld.

Interest on the Bonds may usually be paid without withholding or deduction on account of UK tax to UK companies believed to be chargeable to UK corporation

tax on the interest or non-resident companies believed to be similarly chargeable carrying on a UK trade through a permanent establishment. HM Revenue & Customs ("HMRC") can, however, require tax to be withheld in limited circumstances. Interest may also be paid without withholding tax or subject to a reduced rate of withholding tax where the Company has received a direction from HMRC in respect of such relief as may be available under the provisions of any relevant double taxation treaty.

4.2 UK Income Tax

Interest on the Bonds constitutes UK source income for tax purposes and may be subject to income tax even where paid without withholding. However, interest with a UK source properly received without deduction or withholding on account of United Kingdom tax will not be chargeable to UK tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the UK other than in some circumstances where the Bondholder carries on a trade in the UK.

4.3 UK Corporation Tax Payers

Companies which are within the charge to UK corporation tax (including non-resident companies whose Bonds are used, held or acquired for the purposes of trade carried on in the UK through a permanent establishment) will be charged to corporation tax on the interest.

4.4 Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT is payable on the issue or transfer by delivery of the Bonds.

5. Significant Change

Other than as disclosed in this Document, there has been no significant change in the financial or trading position of the Company from the date of the most recent audited financial statements.

6. Related Party Transactions

There are no Related Party Transactions to disclose.

7. Reason For the Offer

The offer of the Bonds is being made to enable the Company to primarily fund the litigation funding strategy as mentioned in this document.

8. Company's Accounting Reference Date

The Company's Accounting Reference Date is 31 July.