



UV Real Estate Holdings: 5 Year Bonds

Next Wave has accorded an indicative B+ short-term rating with a neutral outlook to the Bonds being offered by UV Real Estate Holdings Limited. This assessment is based solely on information provided by the Issuer or its agents, and on publicly available documents. Next Wave provides no assurance as to the accuracy of such information. This report is a private company research report intended for the use of the requesting client only. It is not a credit rating, and may not be used for regulatory purposes.

SUMMARY

- UV Real Estate Holdings is a company domiciled under the laws of, and operating in, England and Wales (the “Issuer”, company number 13734426). The Issuer is issuing secured five-year bonds (“Bonds”) with the option to receive interest paid on a quarterly basis at an annualised rate of 8%, or upon maturity at an annualised rate of 10% (“Coupon”). In addition, a further one-time bonus payment equal to 5% of the face value of the Bond is payable upon maturity (“Bonus Payment”). The terms of the offering are set forth in the Issuer’s Investment Memorandum dated April 2022 (“IM”).
- The proceeds of the Bond issuance are to be lent to one or more special purpose vehicles (“SPVs”) wholly owned by the Issuer for the purpose of acquiring and developing property in high-yield sectors such as the private rental sector, student accommodation and care homes. The majority of property developments are to be retained by Issuer as a source of ongoing income.
- Issuer’s is operating in a well established market with relatively predictable returns. Competition will be extensive, so its access to opportunities, development, construction and operational expertise, project management skills and other competencies will be instrumental to a successful outcome.
- Whilst the Issuer is part of a larger group of companies with substantial trading history, Issuer itself is a newly incorporated vehicle and no historical performance information is available. In addition, no projections or forecasts have been provided, so it has not been possible to analyse Issuer’s cashflows, and therefore its ability to service its debts.
- Accordingly, we deem the Bonds to be speculative grade investments. The yield on the Bonds is typical of this type of offering, but may be increasingly less attractive compared to alternatives as interest rates rise. We take a neutral view on the outlook for our rating.

Security Class	Rating	Outlook
Secured Loan Notes	B+	Neutral

Sector: Real Estate

Country: United Kingdom

Use of Proceeds: Loans to SPV

Size of Issuance: £10,000,000

Currency: USD / EUR / GBP

Min Amount: \$/€/£ 10,000

Term: Five Years

	Interest Schedule	Coupon
Option 1	Quarterly	8%
Option 2	End of Term	10%

ISSUER

UV Real Estate Holdings
England & Wales private limited company
CRN: 13734426

The Moat House
Lichfield Road
Sutton Coldfield B74 2SN

SECURITY TRUSTEE

Blue Water Capital Limited

LEGAL ADVISORS

Druces LLP

ISSUER ACCOUNTANTS

Grant Thornton LLP

RATING DATE

1 October 2022

NEXT WAVE CONTACT DETAILS

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OVERVIEW

The Issuer is a holding company that is issuing Bonds for the purpose of investing in the private rented sector (PRS), student accommodation, healthcare and mixed-use development properties in the United Kingdom, with a focus on the Midlands region. It expects to make its investments in the form of loans to one or more SPVs under its sole control, which will use the loan assets to purchase real estate.

Issuer's management team seems to have extensive experience in the real estate development sector, and the team includes a good mix of capabilities necessary for the delivery of such projects. Issuer is part of a large group of companies with a prior track record of successfully delivering and operating real estate development projects, though it has not been possible to verify any details relating to such other projects. Issuer's proposed developments are concentrated in sectors with high rental yields such as student accommodation, or in areas of high demand such as care homes. Such sectors should support strong revenue, though they are also more operationally intensive than the broader residential or commercial property sectors, which may reduce profitability.

Issuer intends to retain most of the projects that it develops in order to develop a cashflow-generating property portfolio, which would be used to meet the Issuer's debt service obligations. However, no financial statements are available and no projections or forecasts have been provided, so it has not been possible to analyse Issuer's cashflows, and therefore its ability to service its debts.

Issuer states that the Bonds are secured against the assets of Issuer. However, it is unclear whether this is still the case, as no security interest remains publicly registered against Issuer's assets. In any case, such a security interest would provide very limited protection to Bondholders, as it would be subordinate to creditors of Issuer's subsidiaries and the property developments themselves.

In addition to the above, potential investors should be mindful of a number of risks. Primary among them are (i) the absence of a secondary market for the Bonds, (ii) the lack of verifiability of information contained in the Issuer's IM, (iii) Issuer's lack of operating history, (iv) conflicts of interest that are likely to arise relating to agreements between related parties and the allocation of investment opportunities, management time and other resources between Issuer and the many other companies that constitute the group of companies of which it is part, and (v) general market risks arising from an inflationary environment with tightening credit conditions.

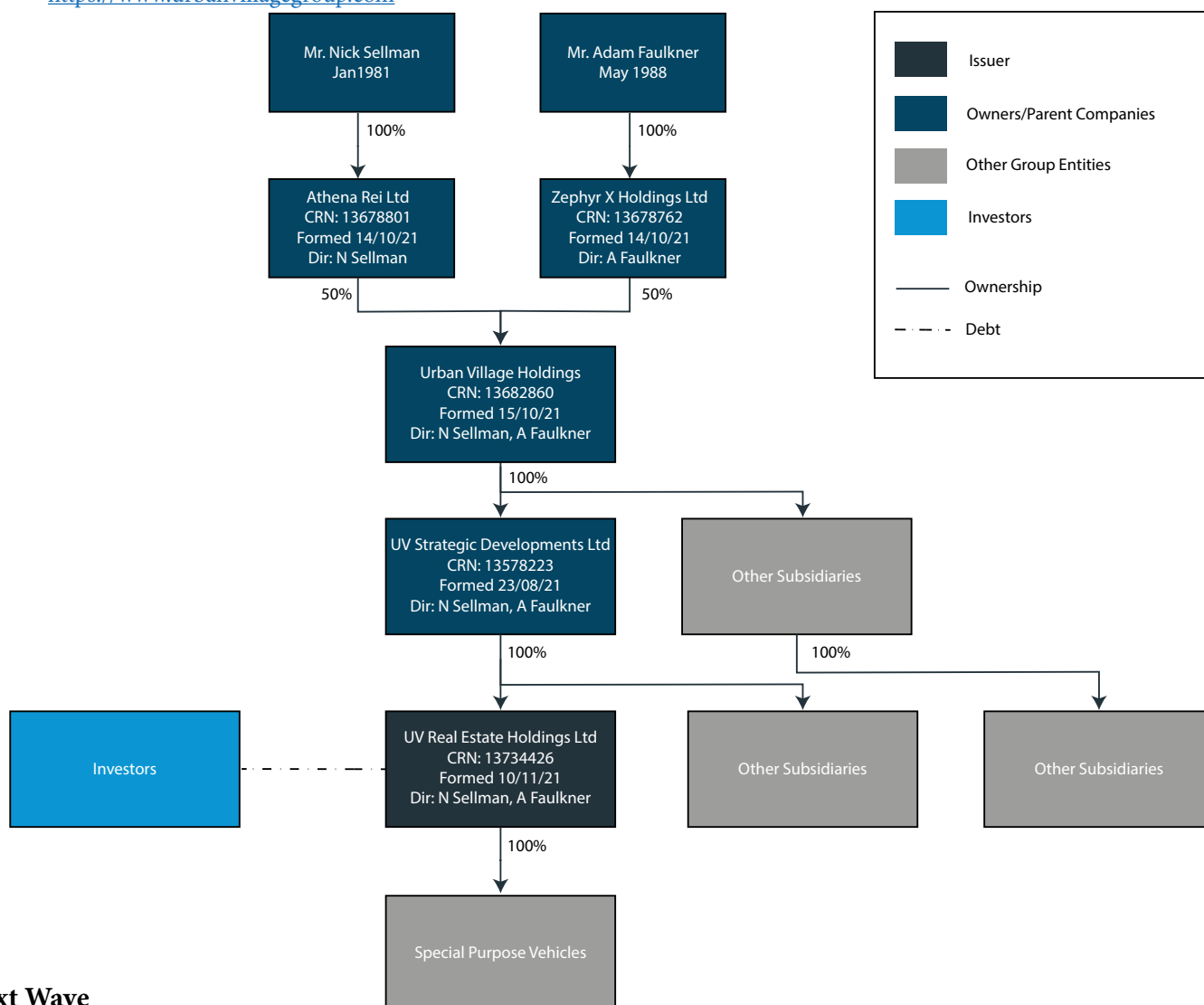


COMPANY

UV Real Estate Holdings (“Issuer”) is a company domiciled under the laws of, and operating in, England and Wales, with company number 13734426. Its registered address is 7 Trinity Place, Midland Drive, Sutton Coldfield, England, United Kingdom, B72 1TX, and its main office location is The Moat House, Lichfield Road, Sutton Coldfield B74 2SN. The Issuer was incorporated on 10th November 2021. Issuer’s directors are Nick Sellman and Adam Faulkner, who are also its principle managers.

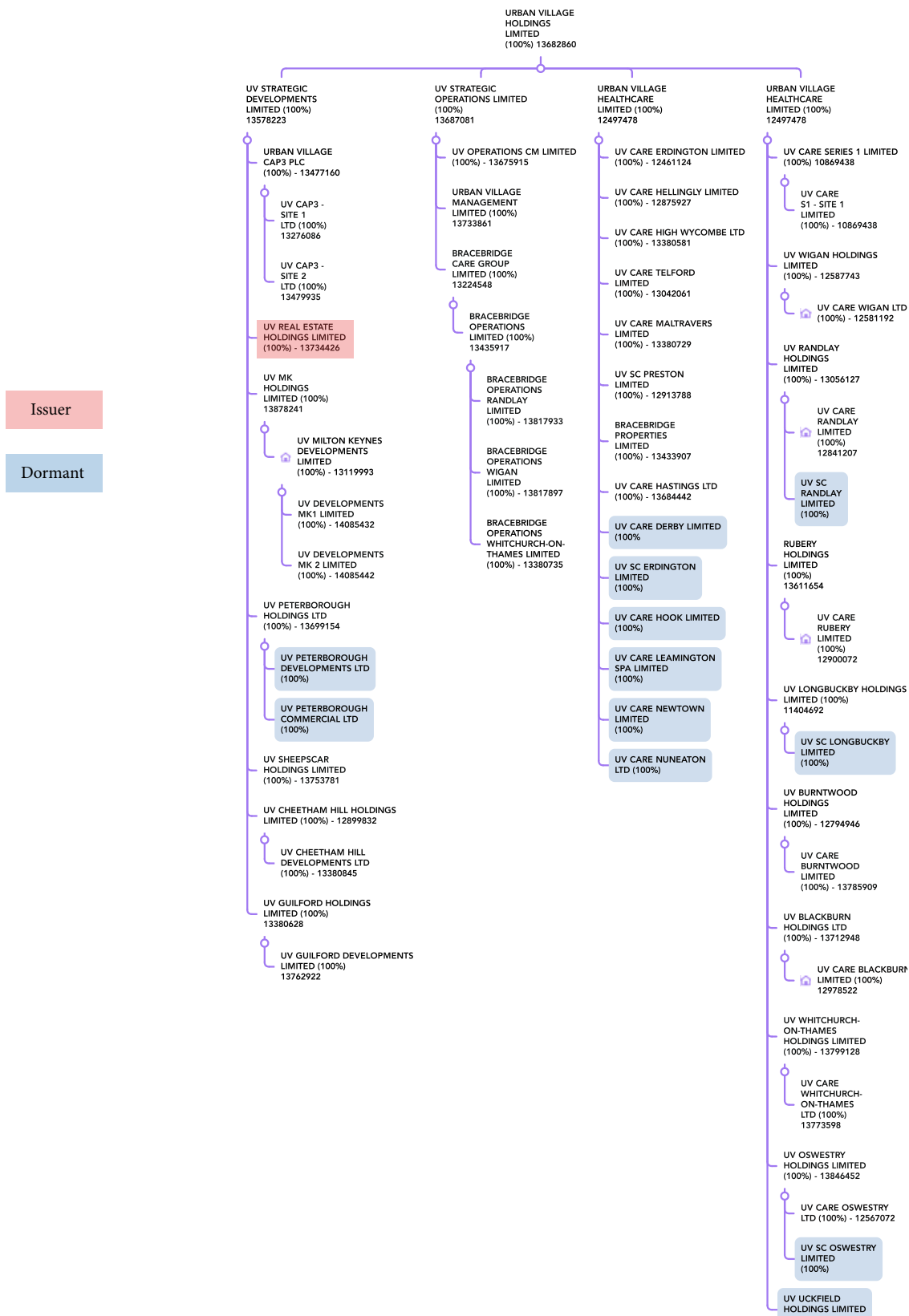
Issuer has one-hundred ordinary shares outstanding, all of which are held by UV Strategic Developments Limited (“Parent”), a limited company formed on 23rd August 2021. Parent in turn has one-hundred ordinary shares outstanding, which are held by Urban Village Holdings Limited (“Holding Company”), the ultimate holding company of the Urban Village group of companies (“UV Group”)¹. The Holding Company is ultimately controlled by the Issuer’s directors, Mr. Sellman and Mr. Faulkner, through intermediate holding companies. It is understood that Holding Company has no shareholders’ agreement in place, which may give rise to a risk of deadlock between the ultimate owners in the event of disagreement between them. Issuer states that it intends to use joint venture agreements to manage governance issues for individual projects. The simplified group corporate structure is as follows:

1 <https://www.urbanvillagegroup.com>





The full organisation chart for Urban Village Holdings Limited and its subsidiaries is as follows:





Corporate Structure

Issuer is part of UV Group, a large group of companies with a complex corporate structure, consisting of a series of holding companies and special purpose vehicles. There are three main subsidiaries of the Holding Company, which effectively separate ownership of operating companies from companies that own property.

The Issuer's Parent, UV Strategic Developments Limited, owns the majority of the property development companies in the group. Meanwhile, UV Strategic Operations Limited ("UV Operations") owns a series of companies providing operational services, such as property management services, presumably to other entities in the UV Group. Meanwhile, Urban Village Healthcare Limited ("UV Healthcare") appears to be a holding company for property developments in the social-care or healthcare sector.

Issuer is one of at least seven holding companies owned by its Parent, all of which seem to be property holding companies. Most of these other holding companies correspond to different property development locations. In addition, one holding company, Urban Village Cap3 Plc has been registered as a public limited company (Plc) rather than a private limited company. Public limited companies are more highly regulated than limited companies, but their shares may potentially be offered for sale to the general public and listed on a stock exchange. This may reflect an intention on the part of the managers of UV Group to raise capital from the public in the future.

From the range of indicative projects listed in Issuer's IM, Issuer may have been formed with the intention of functioning as a non-geographically specific holding company for developments financed with private capital.

Strategy

Issuer is seeking to develop a portfolio of properties through a series of special purpose vehicles (SPVs). Properties to be developed or purchased are expected to be located in the UK, with a focus on the Midlands region, and in sectors such as assisted living and student accommodation, typically characterised by high yields but also higher operating costs. Issuer intends to retain the majority of developments upon completion, explaining that its usual approach "is to refinance the asset once completed and hold it long term, which releases capital and earns a yield on the rental income."

Issuer's IM states that UV Group has developed a portfolio worth £194 MM over 6 years, made repayments over £241 MM to investors, has now identified a pipeline of potential developments worth £865 MM and aims to develop 15 properties per year. Issuer states that it has developed a five-year business plan involving the development of 100 healthcare facilities and supported/assisted living facilities and 9,000 private rental and student accommodation units. However, this information has not been independently verified.

Issuer believes that its main strategic advantages are its experience in property development and operational management, and its relationships with key counterparties such as developers, contractors and professional service provider. Issuer emphasizes its values of honesty, integrity and hard work, as well as a commitment to benefit local communities, which may be pivotal to securing planning permission.



FINANCIALS

The Issuer's accountants are Grant Thornton LLP, a major international accounting group with a particularly strong presence in the UK. Issuer's financial year end date is 30th November. Since the Issuer was incorporated on 10th November 2021, its first financial year has not yet ended and no accounts have been filed with Companies House. No interim management accounts have been provided for Issuer, and no accounts have been provided for any other entity in the UV Group.

Furthermore, no estimates, forecasts or projections have been provided for Issuer or any of its proposed developments. At this time, it would appear that Issuer has no subsidiaries, such as SPVs formed in order to develop properties. Although Issuer is a holding company, it may also have significant expenses of its own, particularly in connection with the marketing of the Bonds to investors, the sourcing of property development opportunities, and for the provision of services by third parties and related parties.

Based on Issuer's strategy of retaining ownership of properties after the completion of development, it seems that the Issuer's debt interest costs will be met through rental and operating cashflows. Issuer has not specified how it will meet the cashflow needs for the repayment of the Bonds upon maturity, though presumably this will be through a combination of operating cashflows, proceeds from refinancing of properties and new debt issuances.

However, due to the lack of financial statements and forecasts, it has not been possible to analyse Issuer's cashflow, and therefore its ability to service its debts.

INVESTMENT TERMS

The maturity date of the Bond is a maximum of five years from the date of receipt of funds. A purchaser of a Bond may elect to either receive interest on a quarterly basis, or upon maturity. If the quarterly interest option is elected, the annualised rate of interest is 8%. Quarterly interest payments are due within seven business days following the end of January, April, July and October.

If the interest on maturity option is selected, the annualised rate of interest is 10%, with the interest being reinvested and compounded on an annual basis. In each case, investors that hold a Bond from issuance to maturity will receive an additional one-time payment upon maturity equal to 5% of the principle value of the Bond.

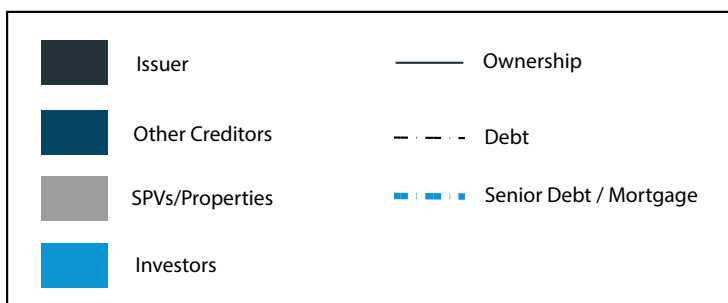
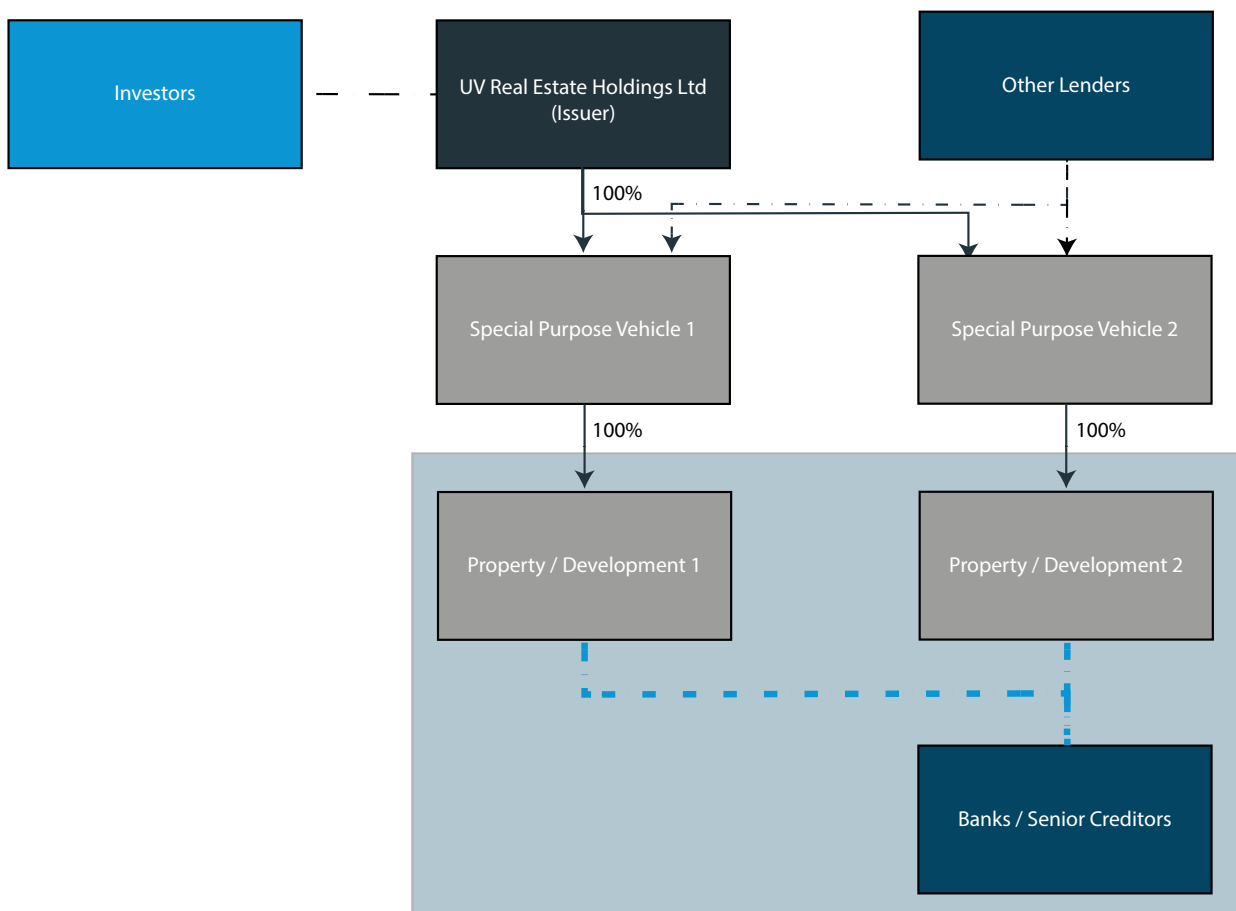
Thus, where interest is paid on a quarterly basis, the investor will receive simple interest of 8%, plus a one-time 5% payment. An initial investment of £100,000 will yield annual interest payments of £8,000 in years 1 to 4, and £13,000 in year 5. Where interest is paid on maturity, the investor will receive compound interest of 10%, plus a one-time 5% payment, for a total of £66,051 in principle and additional payment paid on maturity.

According to Issuer's IM, the investment is secured by '[a] legal fixed and floating charge over the assets of UV Real Estate Holdings Limited, including loans to and interests in subsidiary development SPVs, held by the Security Trustee and registered at Companies House. The holding companies of UV Real Estate Holdings Limited have also provided a corporate guarantee for the purpose of providing credit support to the Company for the Company's obligations under the Bond instrument.'" This is discussed in more detail below.



Investment Structure

The basic holding structure for property development projects is as follows (in many cases, there is an additional holding company between the Issuer and the Special Purpose Vehicle):



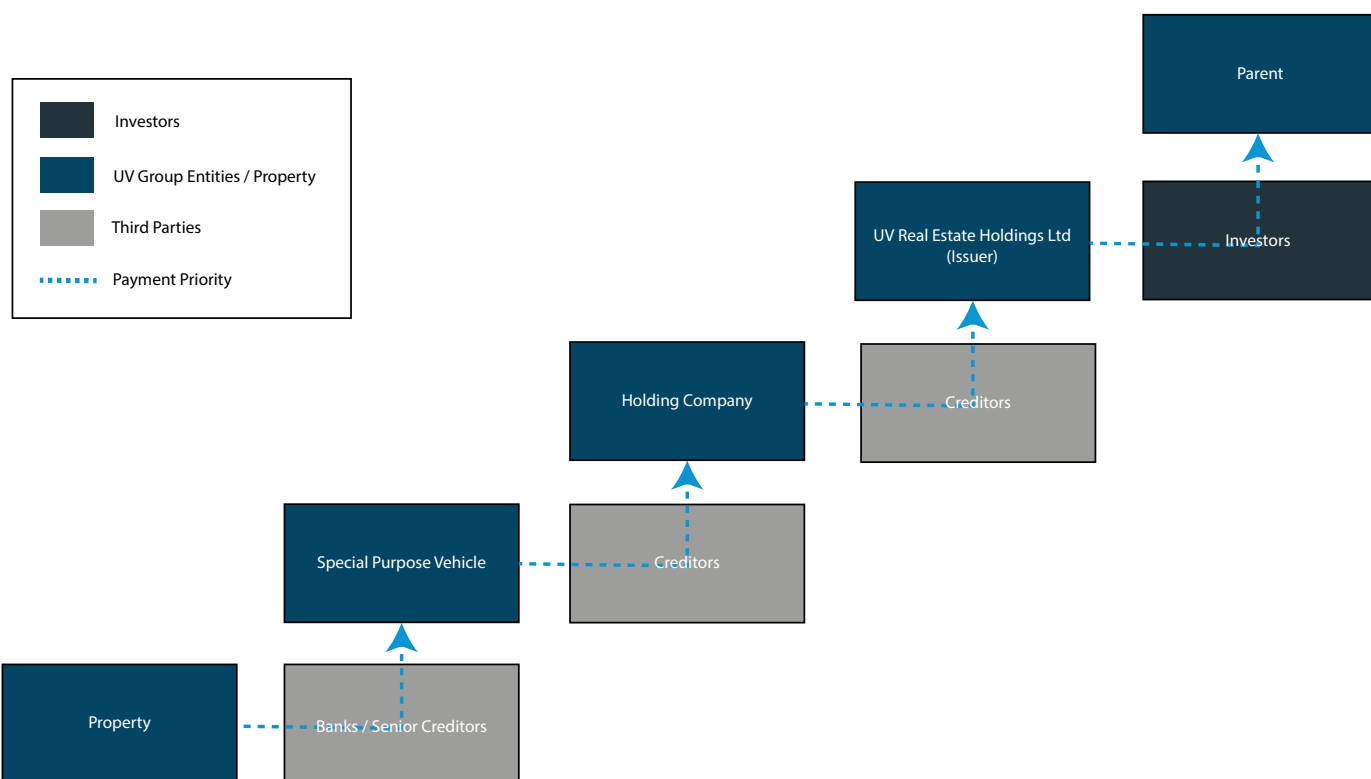
Under this structure, the assets of SPV 1 are isolated and protected from claims brought against the assets of SPV2, and *vice versa*. However, claims against Issuer itself could be asserted against all its assets, including SPV1 and SPV2, and their assets and subsidiaries, subject to the prior claim of their own creditors as explained below.



According to the Issuer’s IM, Bonds issued by Issuer are secured by a security interest over the assets of the Issuer. Issuer’s obligations under the Bonds are guaranteed by Holding Company, it’s ultimate parent, though that guarantee is ultimately only as strong as Holding Company’s own creditworthiness. A charge has been registered for the benefit of Bondholders in favour of the security trustee against the shares of Issuer held by its parent, UV Strategic Developments Limited.

In any case, Issuer’s assets consist largely or entirely of shares in other companies, namely other holding companies or special purpose vehicles (SPVs) formed solely for the purpose of developing properties, and loans from Issuer to those SPVs to provide them with capital. Such SPVs may have other lenders which may have a senior security interest on the assets of the SPV. Furthermore, the underlying properties owned by each SPV will also likely have senior secured lenders, including mortgage debt to banks and construction liens in favour of developers and contractors.

The order of priority in which the various parties to a transaction would be paid is shown below. Thus, income generated from the property would first be used to service debt owed to the property’s senior creditors, with proceeds accumulating on the balance sheet of the SPV which owns the property. In turn, the SPV’s creditors would be paid before its own holding company. Although Investors have a security interest over the assets of Issuer, those assets are subject to the prior claim of the creditors of Issuer’s subsidiaries.



If an SPV is unable to service its debts, any senior secured lenders with a mortgage or lien over a property will have first claim to the underlying property assets of the SPV. This may leave few or no assets for an SPV’s investors, including Issuer. Therefore, despite Investors’ security interest over Issuer’s assets, if the Issuer’s developments perform poorly, Investors may lose most or all of their investments if the developments perform poorly.



PORTFOLIO

The composition of UV Group’s existing portfolio is not quite clear, nor is it always possible to identify which entity within UV Group might have been responsible for developing a particular property, or its current ownership status. The Issuer’s IM shows a list of locations of current and future sites, with most of the existing developments shown as being in the Midlands region, where UV Group is headquartered. Proposed developments are more widely geographically distributed.

The Group’s current and future sites

Current Sites	Future Sites
01. Erdington	12. Long Ruckby
02. Redditch	13. Burntwood
03. Sutton Coldfield	14. Oswestry
04. Leicester	15. Erdington
05. Lichfield	16. Milton Keynes
06. Birmingham	17. Portsmouth
07. Burton on Trent	18. Peterborough
08. Sutton Coldfield	19. Leeds
09. Coventry	20. London
10. Birmingham	21. Telford
11. Sutton Coldfield	22. Birmingham
	23. Blackburn
	24. East Sussex
	25. High Wycombe
	26. Sheffield



Meanwhile, the Issuer’s IM lists a series of existing and proposed projects, some of which are not shown on this map, and which include developments which may not have been developed or be owned by any company within UV Group. For example, the first property listed in Issuer’s PPM as an example of a UV Group project is Touthill Place in Peterborough, which was completed in 2017. However, Peterborough is not shown in the list and map of UV Group’s current sites, shown above, and may either have been developed as part of a joint venture or by a third party developer entirely.



The Issuer's IM states that the pipeline of projects, ranging from those in the early stages of planning through to construction and practical completion, has a gross development value of £865 million. However, this seems to encompass the full range of opportunities available to UV Group. Issuer has stated that it has a right of first refusal over all projects originated by UV Group. However, the allocation of development opportunities between related parties contains inherent conflicts of interest and it is not clear whether any independent decision-makers are involved to represent Issuer's interests in relation to UV Group more generally, or whether there are specific and binding criteria pursuant to which allocation decisions are to be made.

The Issuer's IM lists some examples of developments that are described as "recent projects undertaken by group companies", as well as "potential future projects currently being pursued by the Group". These existing developments listed in the IM have an aggregate value of £164.6 MM, and proposed developments have an aggregate value of £137.4 MM, for a combined total of £302 MM.

Press releases and news updates distributed by UV Group indicate that some of these developments are in various stages of planning, approval, development or construction.

For example, in March 2021, UV Group announced its plans to construct a new care home in the village of Bickershaw, slated to be completed in April 2022.¹ In August 2021, UV Group announced that the planning application for the development was approved,² and in November 2021, it was reported that a contractor, Greenchurch Developments, had been appointed.³ Greenchurch is a specialist developer of luxury care homes,⁴ and is registered with the Federation of Master Builders (FMB).⁵

Although the site is not listed in the list of current and proposed sites identified in Issuer's IM, above, is listed in the IM under the Indicative assets and liabilities of UV Group. Based on planning documents and video footage made available by Issuer, the site is currently under construction, with the care home expected to be open by the end of June 2023.

1 <https://thecareruk.com/new-arrival-to-the-care-home-sector-as-urban-village-capital-announce-plans-for-8-5m-facility-in-wigan/>

2 <https://urbanvillagegroup.com/news/category/news/page/2/>

3 <https://www.wigantoday.net/news/people/work-to-begin-on-multi-million-pound-new-wigan-care-home-complex-3441454>

4 <https://www.greenchurchdevelopments.co.uk>

5 <https://www.fmb.org.uk/builder/greenchurch-developments-ltd.html>



Operations

As noted above, Issuer and its sister holding companies all seem to be property holding companies, while UV Group's operations are conducted by UV Strategic Operations Limited ("UV Operations") and/or its subsidiaries. As a holding company, it is unclear whether Issuer has any staff or operations of its own, and it is likely that most operations are handled by other companies within UV Group, or outsourced to third parties.

At a high-level, the business of UV Group seems to involve the (i) formation and administration of holding companies and SPVs, (ii) capitalisation of holding companies and SPVs, (iii) origination of development/investment opportunities for SPVs, (iv) negotiation of terms relating to such developments/investments, (v) planning of developments, (vi) initial acquisition and development of properties acquired by SPVs, (vii) applying for and securing planning approvals and permits, (viii) ongoing management, maintenance and operation of properties held by SPVs, (ix) collection and distribution of income from properties, (x) disposal of properties or SPVs as required, and (xi) ongoing investor relations, reporting and servicing of debt.

Some businesses within UV Group, in particular companies owned by UV Healthcare and managed by subsidiaries of UV Operations, are much more operationally intensive, and reflect fully-staffed nursing or care-home business where 'beds' are the basic measure of property size, occupancy, and revenue.

Meanwhile, rent information relating to UV Group's Private Rental Sector and Residential development projects reflect a residential leasing business model, where homes are rented out to private tenants under regulated Assured Shorthold Tenancies ("ASTs"), with some properties showing as occupied, vacant, or under renovation, and for occupied properties, rents showing being paid on time, or in arrears or subject to periodic increase. These businesses likely involve a simpler property management model, involving sales efforts to maximise occupancy and rental yield as well as ongoing maintenance, repair and improvement of managed property.

Issuer's IM indicates that the properties to be developed by Issuer could include both operationally intensive care-home businesses, and less involved multiple-occupancy property management.



MANAGEMENT

The UV Group has a large management team and staff, with 13 people identified on the UV Group website, and 7 on Issuer's IM. The size, experience and skills of the team is generally commensurate with UV Group's large number of constituent companies, and the nature and number of projects that it appears to be involved in.

It is unclear how many of these people work directly on Issuer's business activities, or how much of their time they allocate to it, especially relative to other companies in UV Group. Director and senior management bios are provided below:

Nick Sellman

Chief Executive Officer, Founder

DOB: January 1981

Director: 10th November 2021 - Present

Mr. N. Sellman is the CEO and Founder of UV Group. His main responsibilities seem to be business strategy and property dealflow origination. His bio in the Issuer's IM indicates that his core competency is deal structuring and acquisitions. The IM states that Mr. N. Sellman has 15 years' experience in the industry, including the Private Rented sector, Student and Healthcare markets, and has facilitated development contracts with terminal values in excess of £500m.

Mr. N. Sellman seems to have made his start in property investment around 15 years ago purchasing individual properties in order to refurbish and either resell or retain for rental yield, with a focus on properties occupied by more than one household, such as student accommodation, which tend to be characterised by high rental yields and correspondingly high maintenance costs. He then began working with financing partners to acquire more properties, and by 2014 had purchased 9 properties with 71 rooms. Mr. N. Sellman subsequently acquired an option on land and started working on a new-build residential development project, and also started working on projects to acquire commercial property for conversion into residential units. The total value of the properties Mr. N. Sellman had worked on by

this time was approximately £8.4 MM.¹

In 2014, together with a partner, Mr. N. Sellman incorporated Kingsway Land Development LLP ("Kingsway") for the development of land in Bedford. In February 2018, Kingsway defaulted on its financing loans, resulting in a legal claim against, among others, Mr. N. Sellman as guarantor of the loan.² Mr. N. Sellman has indicated that this dispute was settled in full on 17th December 2021.

Currently, Mr N. Sellman holds 77 company appointments. While most are a result of serving as a director for each of the large number of companies that are part of UV Group, he also seems to be involved with some businesses that are not directly related to UV Group. For example, Mr. N. Sellman serves as a director of Equinox Developments Ltd (Company Number 10520281) and its subsidiary Equinox Asset Management Ltd (Company Number 12181084), companies engaged in the "management of real estate on a fee or contract basis" according to Companies House filings. These do not appear to be directly connected to the UV Group companies, but are engaged in similar business activities. Such other businesses could lead to conflicts of interest relating to the allocation of Mr. N. Sellman's time, the allocation of investment opportunities between companies, and related party transactions between connected companies.

¹ <https://www.youtube.com/watch?v=kcY4tsWfhFs>

² <https://www.casemine.com/judgement/uk/606aa15f-2c94e02990ded615>



MANAGEMENT

Adam Faulkner

Executive Director

DOB: July 1988

Director: 10th November 2021 - Present

Mr. Faulkner is responsible for capital markets at UV Group.

Since 2012, Mr. Faulkner has been the owner and director of Orcinus Limited (Company Number 10023762), a closely-held company engaging in delivering management consulting and financial management services to small and medium enterprises (SMEs), primarily in the property and technology sectors.

Mr. Faulkner's role at Orcinus is ongoing, and it may be a vehicle for the provision of consulting services to UV Group companies, other entities, or both.

Prior to 2012, Mr. Faulkner also held roles at wealth management and investment advisory companies, and studied for finance-related courses with the Chartered Institute for Securities & Investment (CISI).¹

Mr. Faulkner holds 53 company appointments, including as director of most companies in the UV Group.

¹ <https://www.linkedin.com/in/adam-faulkner-a69868154>

James Sellman

Chief Operating Officer

DOB: February 1984

Mr. J. Sellman is responsible for project planning, development management and delivery, and may also have some financial and/or market analysis responsibilities.

Mr. J. Sellman is Mr. Nicholas Sellman's younger brother. He is listed as COO in the Issuer's IM and on UV Group's website, and as Project Delivery Manager on his LinkedIn profile, a position which he has held since August 2014.¹ Also since August 2014, he has occupied the role of Project Manager at SixSigma Management Ltd, a company that he owns and of which he and Mr. N. Sellman are both directors. It is likely that Mr. J. Sellman provides consulting services through this company, whether to UV Group companies, other entities, or both.

¹ <https://uk.linkedin.com/in/jamie-sellman-57879542>

Martin Cooper

Chief Finance Officer

As CFO, Mr. Cooper is presumably responsible for the overall financial administration of the UV Group companies. The IM identifies him as a chartered accountant, though it has not been possible to independently verify this.

Mr. Cooper appears to have an extensive experience working in finance roles at companies such as HSBC and Cunningham Lindsey. Since 2016, Mr. Cooper has been working in the social care sector, and his primary responsibility within UV Group may also relate to its social care business, which is mostly organised under Urban Village Healthcare Limited ("UV Healthcare").¹

¹ <https://uk.linkedin.com/in/martin-cooper-706104a>



RISK FACTORS

Information Memorandum

The Issuer's information memorandum dated April 2022 ("IM") lists a range of risk factors associated with a potential investment in the Issuer. Such risk disclosures are intended to protect the Issuer and its representatives from liability in the event of a future claim of fraud or misrepresentation, and so should be read carefully as a reflection of the true risks inherent in the investment. In particular, the IM notes that an investment in the Bonds "involves significant risk of default and loss of capital" and "is speculative and involves a higher degree of risk than other types of investment". The IM further notes that "[t]he Bonds are not transferable or negotiable on the capital markets". These are standard investment risk disclosure for a speculative, illiquid investment.

More specifically, the IM makes clear that the security interest in favour of investors does not protect them from a potential loss of capital. Accordingly, the IM states that "[e]ven though the Bonds are secured by way of a debenture over the Company's assets, meaning Bondholders rank ahead of unsecured creditors in a default situation, the Company assets have not been valued and the presence of this security does not guarantee that investors in the Bonds will be repaid at maturity or receive their interest payments in full. The Bonds rank below employees and administrators but ahead of unsecured creditors. The Company also has the right to enter other debt arrangements, issue further Bonds and to grant other security over its assets provided it ranks equal to or behind the security in favour of Bondholders. This means that the Company's available assets may be spread around a larger group of secured creditors in a default or insolvency situation resulting in less being available to satisfy the claims of Bondholders."

Security Interest

Although the Bonds are secured by means of a security interest over the assets of the Issuer, Bonds are not secured against any underlying property. The order of priority of payments and claims over assets are shown above, under the Investment Structure section.

Conflicts of Interests

Conflicts of interests especially relating to sourcing, allocation of management time across large number of companies, conflicts of interest between various companies in group (e.g. pricing of management and other services between related companies, may not be arm's length, no evidence of robust governance or internal controls procedures to reduce risk)

Market Risks

Current market conditions are characterised by high levels of inflation. This may lead to cost pressures, including rising construction/development and operating costs, as well as revenue pressures due to decreasing affordability of rents and care home costs. Such market conditions could lead to lower than expected profitability for Issuer and its developments.

Refinancing and Interest Rate Risk

Issuer has indicated that the principle due on the Bonds upon maturity will be paid either by refinancing or selling assets. Insofar as it expects to refinance assets, or issue new bonds to refinance ones that are maturing, Issuer will be exposed to rising central bank interest rates that are increasing the cost of capital across global markets. Interest rates are rising and credit conditions are tightening rapidly. Issuer may have to offer a higher interest rate on future financing, or indeed may be unable to raise any or all of the capital it seeks.



Lack of Operating History and Verifiable Data

Issuer was formed less than a year ago, and no information has been provided concerning its actual financial performance since that time. Historic and track record information that has been shared relates to other entities, and cannot be verified. As such, there is insufficient historic data to determine whether Issuer has been able to meet its investment objectives or its anticipated returns. The absence of financial information also makes it impossible to assess Issuer's ability to service its obligations in connection with the Bonds.

Regulatory

The Issuer is not regulated by any regulatory agency in the UK or elsewhere. As such, any investment would not be covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme ("FSCS"). Issuer has clearly made such disclosures in its offering documents, and it would appear that Issuer is complying with obligations not to offer investments to the general public.