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# **Information Memorandum**

## **Series 1**

**CemInvest Ltd**  
(the "Company")

£20,000,000 of Three Year Fixed Rate Secured Loan Notes

March 2022

## IMPORTANT NOTICE

This Information Memorandum is exempt from the general restriction in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is either (i) made to persons who receive the communication outside of the United Kingdom in accordance with article 12 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FinProm") or (ii) where it is made to persons who receive the communication inside of the United Kingdom, it is made exclusively to 'investment professionals' within the meaning of Article 19 of the Financial Services and Markets Act (Financial Promotion) Order 2005 (FinProm); persons believed on reasonable grounds to be 'certified high net worth individuals' within the meaning of Article 48 FinProm; persons who are 'certified sophisticated investors' within the meaning of Article 50 FinProm; and persons who are 'self-certified sophisticated investors' within the meaning of Article 50A FinProm.

This Information Memorandum will only be provided to persons, and applications for Notes will only be accepted from persons:

- (a) who are outside the United Kingdom;
- (b) whom the directors of the Company reasonably believe to be either (i) certified as a 'high net worth investor', (ii) certified as a 'sophisticated investor', (iii) self-certified as a 'sophisticated investor', in each case in accordance with the relevant sections of FinProm;
- (c) who are pension fund trustees investing pension money where the beneficiary of the pension would otherwise be entitled to invest in accordance with the terms of this invitation,

(referred to herein as "Potentially Eligible Investors").

**Any investment to which this document relates is available only to such persons and other classes of person noted above and any other person and other class of person should not rely on this document.**

The distribution of this Information Memorandum in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any such distribution could result in a violation of the law of such jurisdictions.

This document is confidential and is being supplied solely for the information of the intended recipient and may not be used, disclosed, copied, reproduced, published, or further distributed to any other person in whole or in part, for any purpose.

The purpose of this Information Memorandum is to provide information to named individuals who have expressed an interest in subscribing for the 7% fixed rate secured loan notes ("**Notes**") to be issued by the Company and, as such, provides details of a private offer to those individuals.

No representation, warranty or undertaking, expressed or implied, is made and no responsibility or liability is accepted by the Security Trustee as to the accuracy or completeness of any information contained in this Information Memorandum or any other information supplied in connection with the Notes or their distribution.

**Investing in the Company is speculative and invested capital is at risk of partial or total loss. The attention of prospective Investors is drawn to the “RISK FACTORS” section of this document on pages 12 to 15.**

If you are in any doubt about the contents of this document, you are strongly recommended to consult an appropriately authorised financial adviser qualified to give advice in relation to investment in unquoted debt securities issued by single companies. An investment in the Company will not necessarily be suitable for all recipients of this Information Memorandum. Applications to subscribe for Notes will only be accepted at the Company's discretion from persons eligible to invest.

Potentially Eligible Investors should consider carefully whether an investment in the Notes is suitable for them in the light of their personal circumstances and the Risk Factors described on pages 12 to 15. The Notes are not transferable or negotiable on the capital markets and no application is to be made for Notes to be admitted to listing or trading on any market. Investment in an unquoted security of this nature, being illiquid, is speculative, involving a high degree of risk. It will not be possible to sell or realise Notes before they mature or to obtain reliable information about the risks to which they are exposed. There is no certainty or guarantee that the Company will be able to repay the Notes.

This document is confidential and is being supplied solely for the information of the intended recipient and may not be used, disclosed, copied, reproduced, published or further distributed to any other person, in whole or in part, for any purpose.

**Nothing in this document shall be construed as the giving of investment advice by the Company or any other person. If you are in any doubt as to whether to invest in the Notes described herein, you should consult an independent financial adviser who is qualified to advise on investments of this nature.**

This Information Memorandum does not constitute a prospectus made pursuant to the Prospectus Regulation (EU 2017/1129) or the UK version thereof. This Information Memorandum has not been approved by the UK Financial Conduct Authority or any other regulatory body. You should ensure that you have read and understood all of this Information Memorandum before taking steps to apply for Notes.

This Information Memorandum does not purport to be all-inclusive or necessarily contain all the information that a prospective Investor may desire in investigating the Company. The Information Memorandum may be subject to updating, revision or amendment. Interested parties should carry out their own investigations and analysis of the Information Memorandum and of the data referred to in the Information Memorandum and should consult their own advisers before proceeding with any investment in the Company. All statements of opinion and/or belief in this Information Memorandum and all views expressed regarding the Company's projections, forecasts and statements relating to expectations of future events are those of the Company and its directors. No representation or warranty is made, or assurance given that such statements, views, projections, or forecasts are correct or that the Company's objectives will be achieved.

## 1. INTRODUCTION

CemInvest Limited is a limited company, incorporated in the England in March 2019. In its first two years of operation, it has acquired a significant portfolio of asset backed products in the funeral and cemetery industry, currently owning in excess of 12,000 exclusive rights of burial leases ("**ERBs**") in Essington Cemetery, Elysium Gardens (East London) Cemetery and Great Hallingbury Cemetery.

The acquisition of new parcels of land with consent to develop new cemeteries to serve the demands of those wishing to be buried has created a high yielding, low entry level, asset backed investment opportunity with great liquidity.

The location of the sites has been selected after carrying out a detailed demographic survey, and our cemeteries are accessibly located in areas of short supply and high demand. The provision of a multi faith facility will meet the demands of England's evolving ethnic and religious changes.

In order to maintain a 10-year supply of burial plots, the Company estimates that it will need to acquire a minimum of 10,000 additional plots per to meet the forecasted year on year increase in demand.

To continue its growth, the Company is seeking to raise funds by issuing 3-year secured loan notes bearing an interest rate of 7% per annum (or such higher rate as may be agreed by the Company for investors or intermediaries investing substantial sums subject to this being no higher than 9% per annum) (the "**Notes**") as described in this Information Memorandum, with the payment of interest and repayment of capital secured on its assets by way of a debenture. The net proceeds of the issue will be used to acquire further ERBs in cemeteries in across the UK.

The Company will simultaneously be offering further series of 3-year secured loan notes which will each bear an interest rate of 7% per annum and rank *pari passu* with the Notes. The total amount raised by the Company from the proceeds of all series of loan notes currently being offered shall not exceed £30 million.

The average value of a 99-year ERB lease at Essington is circa £3,300, at Elysium Gardens £5,500 and at Great Hallingbury £3,850.

Accordingly, the current gross assets of the Company are valued in the region of £50 million. These existing assets, in addition to the net funds raised by the issue of loan notes (described above) and the further ERBs on which these net proceeds will be expended, will be charged in favour of Amicorp (UK) Limited, acting as security trustee, to secure the Company's obligations to pay interest, and repay principal, to its loan notes investors. The combined asset base of the Company, assuming full subscription of £30 million and following full deployment of that amount, is expected to be in excess of £100 million. This provides a very strong asset base to secure the obligations of the Company to loan note investors.

Further details regarding the Company are set out on pages 19 to 21 with further details of the terms of the Notes set out on pages 7 and 8. Further details of the security arrangements are set out on pages 16 and 17.

## 2. THE MARKETPLACE

Lack of new burial sites across the UK has led to an inevitable shortage of undisturbed land for burials.

The UK funeral market is currently estimated to be worth in excess of £3 billion annually, with over 600,000 funerals taking place each year. There are an estimated 4,000 funeral directors currently offering services in the UK.

There is growing evidence to suggest that England is facing a shortage of burial space. A detailed burial survey<sup>1</sup> was completed for the capital by the London Planning Advisory Committee (LPAC). The report, issued in 1997, found that there was, in Inner London, only nine years supply of non-denominational burial space available.

There was little local or out-of-borough space available for the residents of the City of London, Barnet, Hackney, Islington, Lewisham, Kensington & Chelsea or Tower Hamlets. Anecdotal evidence suggests that the problem is not restricted to large metropolitan areas. Other burial authorities – some in rural locations – also report problems with financing the purchase of new land for burial and securing appropriate land at a reasonable distance from the community to be served.

More than three quarters of all cemeteries in England are already full or have very limited space.

In the most heavily developed areas of London, including Hammersmith and Fulham, Kensington and Chelsea and Newham, cemeteries make up more than one third of all open space in the borough. Half of its 130 local authority cemeteries have no spare land available at all, while space in the other half will run out in 5 years.

Only a fifth of England's Church of England sites have undisturbed land available.

A changing preference for burial over cremation may be explained by alteration in the religious and/or ethnic groupings across the UK. Research by Davies and Shaw on attitudes to grave re-use was able to ask people of different denominations about the nature of funerary arrangements for their deceased relatives. It was possible to use this research to estimate the proportion opting for cremation of different ethnic and religious groups. So, for example, 27% of people across all Christian denominations collectively opted for burial, while 73% opted for cremation. An estimated 91% of Buddhists opted for burial, as did 99% of Muslims and 96% of Jews. The average of all other faiths was that 68% opted for burial, as did 50% of people with no religion.

Based on the above research we conservatively assume a burial rate in our selected areas more than 40% versus a national average of 28%. With a rising population and a death rate of 0.9% we can assume a death rate of in excess of 600,000 per annum, thus creating a demand for 240,000 burials and if we assume that two thirds of these are to take place in new graves then we need to meet demand for 160,000 graves per annum.

Based on an average of 1,300 burial plots per acre it is safe to assume that England currently requires 123 acres of new burial space per annum.

Providing for England's burial needs is problematic for a number of reasons. Brownfield sites are limited and there is a high demand for housing on such sites and accordingly high land values. The land and the setting required to create a cemetery tends to lead to MoL Green Belt locations. Cemeteries also need to be suitably located to allow for people to travel to them without great cost or difficulty.

The Company's ability to source suitable new parcels of land with consent to develop new cemeteries to serve the demands of those wishing to be buried is key to creating this high yielding, asset backed investment opportunity.

The pre-purchase of burial plots and the input into monument design, the planning of the wake and the surge in demand for the pre-need funeral plan (there are now over one and a half million active plans in the UK, none of which include a burial plot), where a definitive outline of the whole process of bereavement is pre-determined, give us a clear indication of the emerging market that we are seeking to provide for.

SunLife's 2016 Cost of Dying report<sup>2</sup> reveals funerals have more than doubled in price in little over a decade and the consistency of this 10% annual increase is consolidated in their previous annual data reports also.

Funerals are now one of the UK's fastest rising costs, outstripping inflation, wages, and pensions. An average London funeral now costs £5,529, and with the total cost of dying rising to £12,498 this equates to the average cost of a burial plot in the capital in excess of £7,700.



*Great Hallingbury Cemetery, Essex*

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<sup>1</sup> *An Audit of London Burial Provision: A report for the Greater London Authority by Julie Rugg and Nicholas Pleace, Cemetery Research Group, University of York, 2011*

<sup>2</sup> <http://blog.finalfling.com/wp-content/uploads/2015/06/SunLife-Cost-of-Dying-Report-2016.pdf>

### 3. KEY TERMS RELATING TO THE NOTES

<b>Key Terms of the Issuance</b>	
Target Raise	£20,000,000 (or currency equivalent)
Use of Funds	Acquisition of ERBs
Minimum Subscription per Noteholder	£10,000
Offer Period	As determined by the directors but no longer than a period of 12 months from the date of this Information Memorandum.
Issue Date(s)	Notes may be issued on any day during Offer Period, at the directors' discretion.
<b>Key Terms of the Notes</b>	
Term	Notes are repayable in full on the next Business Day falling after the third anniversary of the relevant Issue Date (or, if not a business day, on the next business day thereafter) (the " <b>Repayment Date</b> ").
Interest Rate	7% per annum <sup>1</sup>
Interest Dates	Every three months (or, if not a business day, on the next business day thereafter) following the Issue Date with the final payment made on the Repayment Date.  <i>Interest will be paid within five Business Days of each Interest Date to the persons named in the Register of Noteholders at 6 p.m. on the relevant Interest Date.</i>
Payment	Payments of interest and principal will be made by the Company to those Noteholders listed on the Register as at each Interest Date and on the Repayment Date.

<sup>1</sup> The Company may, at its discretion, offer a higher coupon rate (subject to being no higher than 9% per annum) to investors or intermediaries investing substantial sums, either on a one-off or monthly basis.

Listing and transferability	The Notes are neither listed nor transferable and should be considered an illiquid investment.
Events of Default	<p>Any of those events specified in clause 10 of the Loan Note Instrument, including non-payment, breach of undertaking, cross-default, insolvency and analogous proceedings, cessation of business and illegality.</p> <p>On the occurrence of any Event of Default, the Security (described below) held by the Security Trustee over the Company's assets will become enforceable subject to the terms of the debenture and the security trust deed.</p>
Security	<p>The Notes are secured by a debenture containing fixed and floating charges over the assets of the Company (currently valued by the Company at approximately £47 million taking into account existing liabilities) held by the Security Trustee on behalf of the Noteholders (and the holders of the Series 2 Notes and Series 3 Notes).</p> <p>The Company will also set aside, from the funds raised by the issue of the Notes (and the Series 2 and Series 3 Notes), an amount equal to \$20,000 which will be held in an escrow account. The purpose of this set aside amount will be to meet initial costs incurred in the event of an enforcement of the security should this ever be required. Under the terms of an escrow agreement with the Security Trustee, the Company will not be permitted to access this sum until such time as the Noteholders have been repaid their capital in full.</p>

#### 4. THE INVESTMENT MODEL

*The Company's approach to delivering the 7% annual return for investors*

Investments are generally judged as a measure of how secure they are versus the return that they offer, and a continuous investment in an asset backed product such as property in the UK has shown excellent returns for investors historically. The problem with this is the entry barrier with average property values in the UK now exceeding £216,000.

There is a solution to this problem though, and that is to invest in managed assets that research shows have a historical growth rate in excess of 7% per annum.

**THIS CHART SHOWS THE AVERAGE FUNERAL COST IN THE UK FROM 2004 TO 2024, TAKEN FROM SUNLIFE'S ANNUAL COST OF DYING REPORT**



A managed asset is one which is broken down into many parts to enable partial investment into a much larger project, but where ownership is achieved, and the asset is liquid. In essence the UK market for burial plots has created the perfect storm for investors with limited supply, mostly low quality, and a growing demand. This, coupled with an affordable pricing model and liquidity in the market, provides a secure and attractive proposition for an investor looking for capital growth or income.

The Loan Notes are secured by way of a debenture over the assets of CemInvest Limited and rank *pari passu* equally and rateably without discrimination or preference among themselves.

The assets of CemInvest Limited are primarily the plots it owns which have capacity for 12,000 graves respectively, plus a memorial garden for cremated remains, and, in due course, all additional plots purchased using the proceeds of the issue of the Notes.

There is a minimum investment of \$10,000 (or the currency equivalent thereof) for the Notes.

Unlike in other cemeteries where the lease starts reducing from the point of purchase the investment retains a 99 year right of internment until the plot is used, thus ensuring the investor maintains the full value in his asset.

The exit strategy is of course the most important part of the equation for the investor and the demonstrations below highlight the opportunities available to maximise the profitability of the investment.

There are essentially three types of purchasers of burial plots:

1. The Pre-Need Purchaser, who identifies a burial plot for their own personal use at some point in the future (this can be a multiple purchase to create a family area where future generations can be buried alongside each other, an attendee at the funeral who is impressed with the design, or simply a spouse purchasing the plot next to their loved one who has just passed).
2. The End User, where the plot is required immediately for someone that has just passed away, with demand driven by local funeral directors and market awareness of the superior product.
3. The Funeral Care Plan purchaser. This is effectively a 3-year purchase plan to cover all costs at the time of death. The funds allocated to funeral directors' fees and services related to the funeral service are placed in trust until the person dies and the funds allocated to the purchase of the burial plot are released at source.

Current plot sales at Essington are running at 65 end user sales per month and 124 pre-need sales per month. The funeral care plan sales are expected to commence in May 2022, and these will add a further 70 sales per month, albeit on deferred payment terms.

Current Plot sales at Elysium Gardens are running at 29 end user sales per month and 78 pre-need sales per month. Funeral care plan sales are expected to commence in May 2022, and these will add a further 70 sales per month, albeit on deferred payment terms.

At Great Hillingbury, pre-need sales are running at 46 per month. Funeral care plan sales are expected to commence in May 2022, and these are expected to add a further 70 sales per month, albeit on deferred payment terms.

This gives us a total of 94 end user sales per month currently, 267 pre-need sales per month currently and an expectation of 210 funeral plan sales per month commensurate in May 2022.

The numbers quoted above are set to grow significantly over the next 12 months with anticipated end user sales being in excess of 70 per month at all three cemeteries and pre-need sales exceeding 130 per month also. The funeral care plan market is expected to exceed demand for 400 plots per month across all three cemeteries within 1 year.

## How is land sourced, acquired and developed?

- The Company has an inhouse land search team working within the UK and the locations of the sites are carefully selected after carrying out a detailed demographic survey of the land and surrounding areas.
- Key considerations include that our cemeteries are accessibly located in areas of short supply and high demand, ensuring the need for burials exists.
- Our planning teams apply a consistent formular to establish the sustainability of each site, they will always ensure that successful planning permission is agreed before completing on land. These lengthy procedures have ensured a 100% success rate of planning and development for all the burial plots currently owned by the Company.
- Although the Company have a 100% planning success rate to date, the business model allows for a 60% success rate on land developments to provide a buffer.

The development process usually entails adding:

- New entrances (For better access)
- New roads
- Multi faith chapels (All Ceminvest cemeteries have multi faith planning permission)
- Attractive landscaping
- Staff working quarters
- Public rest rooms for visitors
- Wash facilities for all faiths

## 5. KEY PERSONNEL

The Company is owned and controlled by Daniel Moretti.

Daniel has been involved in the cemetery development industry for over 10 years as well as developing a regulated funeral care plan and wills and trust service. The cemetery industry is one in which trust and sensitivity are important and Daniel has built a strong reputation and an ability to effectively repurpose land and improve cemeteries that have fallen into inefficiency or disrepair. He has successfully run numerous other investment models, both on a personal level and for family offices and for over 30 years he has worked with hedge funds and large private companies.

## 6. SERVICE PROVIDERS TO THE COMPANY

<i>Security Trustee</i>	Amicorp (UK) Limited
<i>Registrar</i>	Neville Registrars Limited
<i>Custodian</i>	Shard Capital
<i>Legal adviser to the Company (English law)</i>	RW Blears LLP

## **7. RISK FACTORS**

*The risks described below are those risks that the Director of the Company consider at the date of this document to be material to a decision as to whether to make an investment in the Notes but are not the only risks relating to the Company or the Notes.*

*If any of the following risks, as well as other risks and uncertainties that are not herein identified or that the Company does not consider to be material at the date of this document, were to occur, they could have a material adverse effect on the Company's ability to fulfil its obligations to pay interest, principal or other amounts in connection with the Notes.*

*Potential investors are strongly advised to consult their stockbroker, bank, solicitor, accountant or other appropriately financial adviser if they are in any doubt.*

### **RISK TO CAPITAL**

Invested capital is at risk and you may not get back what you invest.

The Company, like all businesses, is vulnerable to financial difficulties, and investing in unlisted corporate loan notes involves significant risk of default and loss of capital.

Investment in Notes of this nature is speculative and involves a higher degree of risk than other types of investment. Investments of this type are not suitable for all investors.

### **NON-TRANSFERABLE & ILLIQUID INVESTMENT**

The Notes are not transferable or negotiable on the capital markets and no application will be made for the Notes to be admitted for listing or trading on any market. It will not be possible to sell or realise the Notes until they are repaid by the Company and so, please ensure you are fully aware of the risks involved and that you will not be able to cash in or sell your Notes before their maturity date. Prospective investors should not apply for Notes unless they are prepared to hold the Notes for their full term. In the event of the death of a Noteholder or in other exceptional personal circumstances, individual Noteholders may be repaid early. However, any such early repayment is at the Company's discretion and subject to there being sufficient cash available at that time.

### **SECURITY NO GUARANTEE OF REPAYMENT**

Even though the Notes are secured by way of a debenture over the Company's assets, meaning Noteholders rank ahead of unsecured creditors in a default situation, the Company assets have not been independently valued and the presence of this security does not guarantee that investors in the Notes will be repaid at maturity or receive their interest payments in full. The Notes rank below employees and administrators and may rank alongside or even below other fixed and floating charge holders.

## **UNREGULATED INVESTMENT**

The content of this document has not been approved by any FCA-authorized person or other regulated investment firm. Please note that this is an **unregulated product**.

The directors are not aware of any compensation entitlements investors may have under the UK Financial Services Compensation Scheme (FSCS) or its equivalents in other jurisdictions.

## **LOAN NOTE RETURN RATE, MARKET INTEREST RATES INFLATION**

The Notes attract a fixed rate of return which is in no way linked to market interest rates and as such will not benefit from any subsequent increases in market interest rates. Accordingly, you should note that a rise in market interest rates may adversely affect the relative returns that the Notes offer. Further, inflation may reduce the real value of the returns over time.

## **NO RIGHT TO PARTICIPATE IN MANAGEMENT OR PROFITS BEYOND FIXED RETURN**

Loan notes are a very different kind of investment to equity shares and investors do not own a stake in, or have any right to participate in management of, the Company. As such, Noteholders will not be in a position to object to particular strategies or decisions of the Company's directors.

## **SECURITY TRUSTEE**

Whilst the security in favour of Noteholders is held on their behalf by a Security Trustee, the Security Trustee shall not be responsible, nor shall it face any liability, for any loss incurred by the Noteholders relating to a failure of the Company to make payments (whether of interest or of the principal amount) to the Noteholders when due. The Security Trustee will not have any ability or responsibility to protect any monies in the accounts of the Company which may have been set aside for payment of interest or the principal amount in respect of the Notes. The Security Trustee cannot guarantee return of any monies in the event of default. The Security Trustee has no role in the day to day management of the Company and its personnel are not experts in the Company's business. Accordingly, in the event that the security is enforced, there can be no guarantee that it will be possible to realise the assets for the same value as stated in the Information Memorandum (or realise them at all in some cases).

## **CANCELLATION RIGHTS**

Investors will not be able to cancel an application to subscribe for Loan Notes once they have signed the application form and funds have been received and Loan Notes issued. Investors should review the term and conditions of application carefully and seek professional advice from appropriately authorised financial intermediaries qualified to advise on investments of this type.

## **PERFORMANCE RISK**

The Company may not perform as well as expected and may even fail completely. Investors are reminded that any financial forecasts included in this document are hypothetical projections only. Projected results have many inherent limitations and there are frequently sharp differences between such projections and the actual results subsequently achieved. The Company cannot make any

representation or warranty as to what the actual results will be and has provided its projections by way of illustration only.

#### **PERSONNEL**

The Company's performance is dependent on the continued services and performance of members of its management team. If the Company does not succeed in retaining skilled personnel, fails to maintain the skills of its personnel or is unable to continue to attract and retain all personnel necessary for the development and operation of its business, it may not be able to grow its business as anticipated or meet its financial objectives including the servicing, and ultimately the redemption, of the Notes.

#### **REGULATORY RISK**

Changes to existing laws or regulations, or the creation of new laws or regulations, may have an adverse effect on the Company's business and could result in the Company failing to generate sufficient returns to service the Notes or redeem them in full (or redeem them at all in some cases).

#### **VALUATION RISK**

The Company may rely on its own internal valuations and/or the valuations of independent professionals as regards the value of its existing assets and assets it may acquire. Such valuations will be used for the purposes of calculating the value of the Company's assets in financial reports and forecasts. There can be no assurance that such valuations will be correct or that such information will be received in a timely manner.

#### **OPERATIONAL RISKS**

Operational factors may disrupt the Company's activities and result in increased internal costs, project delays, aborted projects and/or project cost increases. These risks may be related to and not limited to:

- the ability to sell or refinance the units in a timely manner
- the ability to retain key members of its management team
- failure to satisfy contract conditions, budget cost overruns and losses.

If one or more of these risks were to occur, the Company may not generate sufficient returns to service the Loan Notes or redeem them in full (or redeem them at all in some cases).

#### **MARKET RISKS**

Fluctuations in the ERB market could affect the value of ERBs held by the Company for sale. Any negative fluctuations in the market could affect the performance of the Company and its ability to repay Noteholders.

#### **SINGLE INVESTMENT**

Investors are reminded to maintain a balanced portfolio. Diversification by spreading money across different types of investments should reduce overall risk. Investors should only invest a small proportion of their available investment funds via this offer (and others like it) due to the high risks involved.

### **TAXATION RISKS**

The statements in this document regarding taxation only represent the Company's understanding of the current law and practice as regards the taxation of the Notes. Nothing in this document should be considered to be tax or legal advice and prospective investors are recommended to seek their own independent advice before investing. The tax legislation referred to herein may change in the future and such changes may have retrospective effect. Investors are reminded that any future legislation regarding taxation could also have an adverse effect on the Company's profitability.

Individual tax circumstances may differ from investor to investor and persons wanting to invest are advised to seek specific tax advice based on their personal circumstances.

### **Forward-looking Statements**

Certain information contained in this document constitutes "forward-looking statements", which can be identified by the use of forward-looking terminology such as "assumed", "example", "illustrative", "may", "will", "should", "expect", "intend", "anticipate", "project", "estimate", "plan", "seek", "continue", "target" or "believe", or the negatives thereof or other variations thereof or comparable terminology, and include projected or targeted minimum returns to be made by the Company. Such forward-looking statements are inherently subject to material, economic, market and other risks and uncertainties, including the risk factors set out in the 'Summary' and 'Risk Factors' sections of this document and, accordingly, actual events or results, or the actual performance of the Company, may differ materially from those reflected or contemplated in such forward-looking statements.

In addition, investors should not place undue reliance on forward-looking statements, which speak only as of the date of this Information Memorandum.

## 8. SECURITY ARRANGEMENTS

The Notes will be secured by a debenture containing a floating charge over the whole of the undertaking and all property, assets and rights, both present and future, of the Company.

The benefit of the security will be held on trust by Amicorp (UK) Limited (in its role as Security Trustee).

A "floating charge" enables a chargee (i.e. the Security Trustee) to take security over assets whilst at the same time enabling the chargor (i.e. the Company) to continue to operate its business without the restrictions that would follow from granting fixed charges over those assets and/or interests in them.

The assets subject to a floating charge can generally be dealt with by the chargor company in the ordinary course of its business (including sale of such assets and/or interests in them. A floating charge effectively "hovers" over a shifting pool of assets. However, on the occurrence of certain events (notably if a receiver or an administrator is appointed to take enforcement action against the chargor company or if there is a default in the Company's obligations in relation to the Notes) the floating charge "crystallises" and will effectively be converted into a fixed charge with respect to the assets and/or interests in them which are at that point in time owned by the Company, and prohibit it from disposing of any assets and/or interests in it going forwards without the Security Trustee's prior consent.

The terms of the Notes prohibit the Company from granting any further security, other than the floating charge which secures the Notes, without prior consent of the Noteholders. As such, the restrictions on its activities contained in the terms of the Notes (including this limitation on the granting of further security, and the requirement that the net proceeds of issuance of any Notes are solely used to fund the purchase of ERBs and meet the running costs of the Company, mean that there should not be any other competing interests from other parties if the floating charge over the Company's assets is enforced.

The ability of the Security Trustee (on behalf of the Noteholders and itself) to recover sufficient sums to satisfy payments to Noteholders upon enforcement of the Security will depend, among other things, on the quality of the Company's assets and any claims from preferential creditors. The Company's assets are only likely to be the ERBs it holds and the net proceeds from any issuances of Notes. As a result, there can be no assurance that the Security Trustee (on behalf of the Noteholders) will be able to recover sufficient sums to satisfy the claims of Noteholders on the enforcement of the Security.


*What will Noteholders receive on a winding up of the Company?*

In the event of the Company's insolvency, the Noteholders, acting through the Security Trustee, will have recourse to the secured assets, which are secured for the benefit of the Security Trustee as described above.

The floating charge granted over the secured assets shall become enforceable by the Security Trustee for and on behalf of itself and the Noteholders, at the Security Trustee’s discretion and in respect of all costs, claims and liabilities to or for which it may, in its opinion, thereby become liable upon an event of default occurring.

As described above in the context of "floating charges", if the security becomes enforceable, the Security Trustee would typically be entitled to take possession of the relevant assets or interest and/or procure their sale (or else the Security Trustee could appoint a receiver to do these things on its behalf). Any proceeds would be held on trust for distribution to the Security Trustee the Noteholders (in priority to claims of any other creditors of the Company as the case may be). Any cash remaining, after Noteholders had been paid in full, would be available to other unsecured creditors of the Company.

A simplified diagram illustrating the expected ranking of the Notes compared to the Company’s other creditors is set out below. **Noteholders claims in respect of the Notes will fall within the area shaded grey in this diagram**

	Type of obligation	Examples of obligations
Higher ranking	Proceeds of fixed charged assets	Currently none
	Expenses of the liquidation or administration	Remuneration due to the administrator, liquidator or administrative receiver, together with fees and expenses
	Preferential creditors	Currently none
	Proceeds of floating charge assets	First, the Company's obligations to make payment to the Security Trustee, and then second, the Company's obligations to make payment to the Noteholders in relation to the Notes
	Unsecured obligations, including guarantees in respect of them	Trade creditors and other unsecured obligations such as banking facilities and other financings
Lowest ranking	Shareholders	Ordinary Shareholders



## 9. TAXATION

**Investments in the Notes may have certain taxation implications specific to individual investors. Commentary on taxation provided herein is for information only and no representation or warranty, express or implied, is given to Noteholders or potential Noteholders in any jurisdiction as to the tax consequences of an investment in the Notes. Prospective investors should consult their own professional advisers as to the implications of their investing in the Notes, under the laws of the jurisdictions to which they may be subject.**

In most cases, the Company will be liable to withhold tax at a rate of 20% (equivalent to the UK basic rate of income tax) on the interest payments made to UK resident persons. Interest income is taxable in the UK at the taxpayer's highest marginal rate of tax and therefore Noteholders may have additional income tax liabilities (subject to any domestic law exemptions).

Even where Notes are held by persons outside the UK, the Company will still be liable in some cases to withhold tax at a rate of 20% (equivalent to the UK basic rate of income tax) on the interest payments made unless a double taxation treaty is in place between the UK and the relevant jurisdiction in which the Noteholder is resident.

Where required, the Company will make the necessary arrangements to deduct and pay basic rate tax due from interest payment direct to HM Revenue & Customs. For Noteholders who are non-taxpayers, interest payments will still be paid net of tax and a tax certificate will be issued to the relevant Noteholder after each interest payment.

For a corporate Investor or charity, in each case resident in the UK for corporation tax purposes, the interest payment will be paid gross without any withholding of tax at source from the interest paid. Interest may be subject to additional UK income tax or corporation tax by direct assessment, depending on the circumstances of a particular Investor.

Any change in the Issuer's tax status or in taxation legislation could affect the value of the Note holders' investments. Representations in this document concerning the taxation of Noteholders are based upon current tax law and practice, which is subject to change, including with retrospective effect.

Individual tax circumstances may differ from Investor to Investor and potential Noteholders are advised to seek specific tax advice based on their personal circumstances.

## 10. INFORMATION ABOUT THE COMPANY

### 1. Incorporation and Business

- a. The Company was incorporated in England and Wales on 14 March 2019 under the Companies Act 2006 as a private limited company. The Company's registered office is at Lake House, Mill Street, St Osyth, United Kingdom, CO16 8EN. The Company is resident in the United Kingdom. The statutory records of the Company are kept at its registered office address.
- b. The principal legislation under which the Company operates, and under which the Products will be issued, is the Companies Act 2006. The objects of the Company and its ability to borrow is unrestricted. As at the date of this document the Company does not currently have any subsidiaries.

### 2. Share capital of the Company

- a. As at the date of this document, the issued share capital of the Company is 1,000 Shares of £1 each held by the Daniel Moretti.
- b. As at the date of this document, no options have been granted (or have been agreed to be granted) over any shares in the capital of the Company

### 3. The Notes and other Series of notes to be issued by the Company

- a. The Notes described in this Information Memorandum are constituted by a loan note instrument issued on or around the date of this Information Memorandum by the Company (the "**Loan Note Instrument**"). The Loan Note Instrument constitutes the Notes to be offered to identified Eligible Investors pursuant this Information Memorandum.
- b. The Company will simultaneously be offering further series of secured notes (known as Series 2A, Series 2B, Series 2C, Series 3A, Series 3B and Series 3C) due in 2025 constituted by separate loan note instruments, each of which will also bear an interest rate of 7% per annum and rank *pari passu* in all respect with the Notes.
- c. The maximum amount that the Company will raise from the issue of Series 1 Notes, is, in aggregate, £20 million. The total maximum amount to be raised by the Company from the issue of all the series of loan notes described in paragraphs 3a and 3b above shall not exceed £30 million.

#### **4. Directors**

The Company's sole director is Daniel Moretti.

Save as disclosed in this Information Memorandum, as at the date of this Information Memorandum, no Director of the Company has, in the five years immediately preceding the date of this Information Memorandum:

- a. had any unspent convictions in relation to any indictable offences; or
- b. been bankrupt or entered into an individual voluntary arrangement; or
- c. been a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or
- d. been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
- e. had his or her assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding a receivership of any assets of such partnership; or
- f. been subject to any public criticism by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

#### **5. Litigation**

As at the date of this document, the Company is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened so far as the Company is aware).

#### **6. Financial Information**

- a. The Company has published year end accounts for the financial years ended 31 March 2020 and 31 March 2021 which are available via the Companies House online service.
- b. The Company's accounts for the current financial year ending 31 March 2022 will be made available from no later than 31 December 2022 in accordance with the

Companies Act 2006 and will be available for viewing via the Companies House online service.

**7. Documents Available for Inspection**

Copies of the following documents are available for inspection by eligible investors at the Company's registered office:

- a. this Information Memorandum;
- b. the Loan Note Instrument;
- c. the Debenture; and
- d. the Security Trust Deed.

## **11. MONEY LAUNDERING REGULATIONS**

To ensure compliance with the Money Laundering Regulations, the Company may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment.

If the Company determines that the verification of identity requirements apply to any acceptor or application, the relevant Notes (notwithstanding any other term of this offer) will not be issued unless and until the verification of identity requirements have been satisfied in respect of an application. The Company is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any application and whether such requirements have been satisfied, and the Company will not be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the Company states that verification of identity is required, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the dispatch of certificates (or the crediting of the relevant CREST accounts) in respect of Notes taken up. If, within a reasonable time following a request for verification of identity, the Company has not received evidence satisfactory to it, the Company may, in its absolute discretion, treat the relevant application as invalid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.