

FIXED RATE BONDS SUMMARY

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EXECUTIVE SUMMARY

The uncertainty of the global investment landscape makes it challenging to find the right opportunities to protect your capital while economies struggle for confidence.

Savvy investors know that they must look for assets that will remain resilient against economic uncertainty and potential chaos in this climate, which is why Seven Stars created a bond issue granting entry to an exciting and low-correlation asset class, namely litigation finance.

Whatever the economic climate, people make legal claims.

In recent years, there has been an increasing trend towards group or class actions, where hundreds of thousands of people are compensated for identical claims in one hit. This is the 'maturing nature' of a market that starts with individual case claims. These single claimant actions serve to establish both the trend of decisions and the critical mass of claims volumes that lead to the Group Litigation Order (GLO) approach.

This has seen several substantial legal actions surrounding claims for various matters, including mis-sold PPI, hidden commissions in PPI or issues with certain diesel car manufacturers.

While such group cases can prove lucrative, they can also be high risk.

Costs may spiral out of control, funded law firms may settle at a sum significantly less than what was anticipated when a litigation funding agreement was signed, or cases may be dismissed entirely.

That's why Seven Stars has adapted its approach to focus exclusively on funding smaller, precedent-based claims from individual claimants.

These claims can achieve lucrative returns at a far lower risk than class actions due to the ability to fund at a fixed cost and having an idea of the value of each claim - and thus the compensation and return on investment potential - before agreeing to provide the necessary funding.

We invite you to join us on a compelling investment journey that provides clear security for your capital and a healthy return. But first, we want to drill down on this exceptional opportunity to show you how the dynamics of the investment work. We hope you agree that this is an exciting asset class with significant growth potential in the coming years.



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 Legal 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.



THE GROWTH OF LITIGATION FINANCE IN THE UK

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 Legal 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 the following three case types, all of which Seven Stars Legal is actively funding as of early 2025.



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 Legal 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 Legal 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 Legal 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.



OUR LITIGATION FINANCE STRATEGY

HOW WE CHOOSE WHICH CASE TYPES TO FUND

At Seven Stars, we take time to select the cases that 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.
- 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.

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, Bank Fraud, Car Finance Mis-selling (PCP), Irresponsible Lending, and Contentious Probate claims. We are at the advanced stage of considering funding for Annual Management Charge claims.

The kind of 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 the affordability of funding.



HOW DO WE SELECT BORROWING LAW FIRMS?

Seven Stars Legal 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 Legal 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.

A full and detailed explanation of how we conduct comprehensive due diligence to select borrowing law firms and case types is available in our Corporate Governance document. Please email hello@7stars.legal to request a copy of this document.



WHY INVEST IN LITIGATION FINANCE?

One of the most significant advantages and incentives to invest in litigation finance is that it's a non-correlated, alternative asset class producing strong and absolute returns. This means that the performance of legal assets is completely unrelated to any sharp movements in traditional capital markets or the state of the wider economy.

As an alternative investment, litigation finance has already been proven to outperform other unregulated assets, even while still relatively nascent. This largely reflects the sizeable returns available due to a funding bias to cases where there is a precedent. In terms of risk profile, litigation finance is attractive to investors, with high returns available from minimal risk that we further mitigate with our approach to funding and the law firms we provide funding to.

Litigation finance is also an Environmental, Social and Governance (ESG) investment with a profound social impact. Ultimately, it is about opening up access to justice to those who don't have the deep pockets needed to fund a legal action themselves, often because they've been ripped off in the first place, thus providing access to law for many potential claimants.

Through the funding provided by Seven Stars, we make it possible for more people to litigate in the knowledge that they won't face crippling bills or even potential insolvency.



RISK MITIGATION

Your investment into the litigation finance space as the security of being supported by After the Event (ATE) Insurance.

WHAT IS ATE INSURANCE AND WHAT DOES IT COVER?

ATE policies cover the cost of “own disbursements” (the funds spent on that case) on funded cases in the event that a case is lost; in this scenario, it also covers the other party’s costs.

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. When this is required, Kevin Prior, Seven Stars’ Chief Commercial Officer, will request and discuss it with the Funding Partner, and agreements are written such that this is easily applied as a condition of lending.

There is no risk of adverse costs attached to claims brought via the Financial Services Compensation Scheme or Financial Ombudsman Service, so ATE insurance is not required when funding such cases.

ATE insurance is not capital insurance for the investment, and Seven Stars is not a beneficiary; however, it does provide some assurance that the borrowing law firm will receive funds that it can use to cover any indebtedness to Seven Stars. Lending contracts also stipulate that funds are due to be paid back to Seven Stars from “settlement, insurance payouts or the law firm’s own cash.”

DEBT SECURITY

Where possible, Seven Stars Legal takes a charge over the assets of all borrowing law firms and the cases being funded. The borrowing law firms are charged an interest rate, arrangement fee and a contractual share of their success fees for winning the cases. The potential gains from winning a case can be several times the amount spent pursuing the case. Losing a case results in usually losing only the sums invested in pursuing the case, some of which can be covered by After The Event (ATE) insurance. This difference between the potential gains and the potential losses (covered by ATE insurance) provides an element of security and capital protection.

The solicitor enters into either a Deed of Assignment of funded Assets or a general Debenture with the lender. The assignment covers all no-win, no-fee (i.e. not profit costs) income due to the solicitor, both disbursements and the contingency fee, so it will generally be of greater value than borrowings.

Seven Stars aims to provide a minimum level of debt cover of 1.2 times the borrowed amount. In practice, it is closer to twice the borrowed amount on most cases funded but can go as high as four times on Financial Ombudsman Service (FOS) or Financial Services Compensation Scheme (FSCS) claims.

ADDITIONAL POTENTIAL RISKS

While no investment opportunity comes without risk, in addition to ATE insurance and our approach to debt security, the risk profile associated with litigation finance offers several mitigation opportunities, as detailed in the table below.

Risk	Mitigation
Solicitor loses a case	Lending is against a large number of precedent-based claims. Should a case be lost, ATE insurance covers the relevant disbursement costs.
ATE insurer faces insolvency	This is covered by the Financial Services Compensation Scheme (FSCS) and ATE default insurance.
Solicitor defaults	Seven Stars holds the right to assign cases to another law firm.
Misappropriation of funds	The Seven Stars Legal management team has no access to funds, which are custodied by Verdant Trustees Ltd and audited by Anstey Bond Ltd.

For a fuller assessment of risks and risk mitigation, please request the latest version of Seven Stars’ Investment Memorandum by emailing hello@7stars.legal.



THE FUND PARTNERS

Bond Issuer: Seven Stars Legal Limited

Company Number: 14229552

Country of Registration: England & Wales

Seven Stars Legal was established as an investment company targeting market leading investor returns working within a well-regarded and regulated industry sector, namely UK legal services, and specifically litigation cost financing and litigation case generation. As of 2025, the Company is only investing in the UK, and with firms working in the UK legal sector, which is

globally recognised as one of the preeminent jurisdictions for legal services.

Seven Stars Legal was incubated by a successful Litigation Finance team, with an incredible track record, who identified a very substantial funding opportunity that far exceeded their existing requirements. Accordingly, Seven Stars Legal was initiated to become a substantial independent non-bank litigation cost funder. By the end of 2023, our affiliate had raised £40mn, funded over 15,000 litigation cases, and generated an additional potential 350,000 cases.

KEY SERVICE PROVIDERS

Registrar:

Avenir Registrars Limited
5 St. John's Lane
London
England
EC1M 4BH

Trustee:

Verdant Trustees Ltd
128 City Road
London
United Kingdom
EC1V 2NXM

Auditors:

Anstey Bond
1 Charterhouse Mews
Barbican
London
EC1 M6BB

REGISTRAR, RECEIVING AGENT AND PAYING AGENT: 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.

SECURITY TRUSTEE: VERDANT TRUSTEES LTD

Verdant Trustees specializes 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).



FREQUENTLY ASKED QUESTIONS

The following section aims to address any additional frequently asked questions not already addressed throughout this document.

WHAT IS LEGAL PRECEDENT?

A precedent is a legal case that establishes a principle or rule. The courts then use this principle or rule when deciding later cases with similar issues or facts. Essentially, the court is duty-bound to follow previous precedent unless there is exceptional reason not to. The use of precedent provides predictability, stability, fairness, and efficiency in the law. When combined with “simple” case types where responsibility is less based on interpretation than on a binary yes or no factor, we have a strong combination of factors for success.

HOW BIG IS THE MARKET FOR LITIGATION FUNDING?

Most people will have seen at least one TV advert on the subject of ‘no win, no fee’ compensation claims, which have led to large-scale legal actions being taken, often with hundreds of thousands of claimants pursuing similar settlements once legal precedent has been established. It is the increasing number of ‘no win, no fee’ actions and the continued increase in recognition of consumer rights in the UK that have led to significant growth in the sector.

The banking crisis made it harder for law firms to raise the capital necessary to pursue mass claims, so alternative sources of funding were sought. Many institutional financiers will not provide funding as they are often the defendants in this kind of claim or may be limited from doing so through maintenance and champerty laws.

The litigation funding market was projected to be worth more than £45 billion by the end of 2023. Developed litigation funding markets exist in the USA, Canada, UK, Australia, Singapore and Hong Kong.

According to a report by the law firm Reynolds Porter Chamberlain, the UK litigation funding market almost doubled in size between 2019 and 2022 as the pipeline of court cases and cash held by litigation funders in the country grew to £2.2bn, but this was before the most recent spate of GLO or class action cases, which are very much the realm of larger litigation funders due to the high risk-reward balance. It should also be noted that the application of the Plevin ruling on undisclosed commissions is driving substantial market growth.

The growth in the availability of litigation funding has been partly driven by investors looking for alternative assets where returns are uncorrelated with the performance of the wider

economy and traditional assets such as equities. Another driver is the growth in providing access to justice for consumers fighting large corporations and institutions.

WHERE DOES INVESTORS’ MONEY ACTUALLY GO?

Seven Stars uses the money raised by the Seven Stars Bonds to lend to regulated law firms or to regulated marketing companies helping such law firms acquire and progress appropriate cases to a successful settlement or court decision, whilst ensuring that there is a strict mechanism of controls in place for borrowers.

HOW ARE THE YIELD AND PRINCIPAL PAYMENTS GENERATED AND PROTECTED?

Seven Stars charges a premium annual interest rate to the borrowing solicitor. This is combined with a share of the income the solicitor generates via their “no win, no fee” agreements to provide the yield and principal payments. The potential gains from winning a case can be many times the amount spent pursuing the case. Where taking a share of compensation is deemed ethically unacceptable, such as in the case of Housing Disrepair Claims, lending agreements are structured to include higher base interest rates.

HOW DOES SEVEN STARS CHOOSE WHICH LAW FIRMS AND CLAIM TYPES TO FUND?

Seven Stars has a highly experienced advisory panel with expertise in the legal, corporate finance and debt structuring sectors that carry out extensive due diligence on the borrowers and the legal cases seeking finance.

HOW DOES SEVEN STARS REDUCE INVESTMENT RISK?

We specifically target precedent-based, small legal claims for investment, which reduces the operational and results-based risks involved and insist that ATE insurance is in place on all funded cases where a risk of adverse costs exists.

We will only fund cases against large, liquid entities, such as Banks, Housing Authorities and Utility Companies or where government-backed compensation schemes exist. We establish minimum claim values for each sector to ensure sufficient capital cover.

Having been successfully screened, the borrowing solicitor enters into either a Deed of Assignment of funded assets or a general debenture with the Seven Stars. The assignment covers all income due to the solicitor, both disbursements and also the contingency fee, so will generally be of greater value than borrowings.



In the event of solicitor default, the case or cases can be moved to another firm and in the case of discontinuation of a claim, the law firm is obliged to either replace the case with another, qualifying one or repay the capital and all accrued interest.

WHY LIQUID ENTITIES?

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

HOW DO INVESTORS RANK IN TERMS OF SECURITY?

All investors rank *Pari Passu* in terms of protection and representation; the Security Trustee holds a debenture over Seven Stars and all assets and securities to the favour of the investors. The Trustee will act on behalf of all investors should there be a default and will be responsible for executing charges on each borrower.

WHAT TYPES OF CLAIMS ARE YOU FUNDING?

Seven Stars targets small precedent-based claims against large liquid entities and institutions. These claims can include undisclosed commissions in financial products (such as car finance or credit loans), breaches of consumer protection, undisclosed commissions in energy contracts, Financial Ombudsman Service and Financial Services Compensation Scheme claims, Housing Disrepair claims, or even flight delays. Further explanations and summaries of some of these claim types are below.

Housing Disrepair

17% of all households – a total of four million – live in rental social housing in England. The introduction of the Homes Fitness for Human Habitation Act 2018 has imposed further statutory obligations on landlords to provide safe and habitable homes. Where landlords fail to maintain safe and habitable properties, there is scope for claims.

Financial Services

Where people in the UK have been poorly advised or mis-sold a financial product, they can seek financial justice. A key area of focus is mis-sold or poorly invested pensions, the claims market for which is estimated to be worth £10 billion.

Plevin Claims

The ruling of the Supreme Court in the Plevin case was in respect of commission that was often included in PPI premiums but was not disclosed to the client. The court ruled that the lack of disclosure of the commission, not the level of the

commission itself, made the relationship unfair. Non-disclosure deprives the client of the opportunity to consider whether the insurance was value for money.

Business Energy Claims

Small businesses often rely on Third Party Intermediaries (TPI) to secure energy contracts. Most estimates say 60% – 70% of companies find energy contracts this way, but some put the figure as high as 90%!

The TPIs are paid a commission for this arrangement and often don't disclose this. The secret commission is added to the per unit rate of energy supplied, inflating the energy cost. When companies receive their energy bill, they only see a single cost and have no idea how much of that sum is going to their energy provider or that the TPI is getting any of it.

Businesses are kept in ignorance, meaning they never have an opportunity to decide the 'best-fit' arrangement for them. Non-disclosure is the basis of the claim.

PCP Car Finance

In the provision of car finance, there was widespread use of commission models, which linked the broker commission to the customer interest rate and allowed brokers broad discretion to set customer interest rates, giving rise to conflicts of interest and creating strong incentives for the broker to charge a higher interest rate. Again, the critical issue is whether commission arrangements were disclosed to the consumer.

IS SEVEN STARS REGULATED?

No, Seven Stars Legal Ltd is not a regulated entity and our products are not intended for any investors other than those qualified to invest under FSMA rules. The trustees are FCA registered, and their role is to act in the best interest of investors.

IS THERE A SECONDARY MARKET FOR SEVEN STARS BONDS?

Seven Stars bonds are listed on the Wiener Boerse MTF market (Vienna) and can be purchased via EuroClear and via Crest. At present, this listing facilitates the purchase of new issue units and as such, no true secondary market currently exists.



INCOME ILLUSTRATION

Seven Stars uses a day rate calculation, which takes into consideration the interest earned per day and the number of days since subscription. Below you will find illustrated examples of the income payments due at each payment date using a £100,000 subscription as the base number. We have also illustrated varying subscription dates in order to provide a clear illustration of the application of the day rate calculation that we use and the income payments that the investor will expect to receive.

Interest Rate: 17.5% per annum

Investment Date	01 March 2025	01 April 2025	01 May 2025	01 June 2025
Interest Paid On				
30 June 2025	£5,801	£4,315	£2,877	£1,390
31 December 2025	£8,822	£8,822	£8,822	£8,822
30 June 2026	£8,678	£8,678	£8,678	£8,678
31 December 2026	£8,822	£8,822	£8,822	£8,822
30 June 2027	£8,678	£8,678	£8,678	£8,678
31 December 2027	£8,822	£8,822	£8,822	£8,822
Bonus Interest on 31 December 2027	£15,000	£15,000	£15,000	£15,000
Total Interest Earned	£64,623	£63,137	£61,699	£60,212

**The £100,000 invested is also repaid on 31 December 2027*

As you will see, the first payment made in June 2025 is pro rata from the date of subscription. The remaining income payments, paid in December and June until the end of 2027 are clearly set as the equivalent of 8.75% per half year (although adjusted marginally due to days) and a 15% bonus in last interest period. Please note that all interest payments used for illustration are gross of any withholding tax which may apply.



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