



INFORMATION MEMORANDUM

DEFINITIONS

The following definitions are used throughout this information memorandum:

- ✔ **Business Days:** a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.
- ✔ **FPO:** the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.
- ✔ **InfoMemo:** this information memorandum.
- ✔ **Investment Objectives:** how Yielders intends to increase the value of the SPV's asset as explained on pages 4-5.
- ✔ **secondary investors:** the investors that invest in an existing SPV by acquiring existing shares in said SPV.
- ✔ **shareholder:** a holder of shares in an SPV.
- ✔ **Stamp Duty E-wallet:** the segregated electronic account held with Mango Pay (www.mangopay.com) designated for the payment of stamp duty payable to Her Majesty's Revenue & Customs in respect of shares sold.
- ✔ **SPV:** a company incorporated for the purpose of holding legal title to an asset.
- ✔ **SPV E-wallet:** the segregated electronic account held with Mango Pay (www.mangopay.com) designated for the SPV generally.
- ✔ **SPV holding E-wallet:** the segregated electronic account held with Mango Pay (www.mangopay.com) designated for holding funds paid by investors prior to them being issued shares in an SPV, held on trust by Yielders for the investor that made the payment for the purposes of acquiring shares in that SPV.
- ✔ **Yielders:** Yielders Limited of The Old Police Station, 82 High Street, Golborne, Warrington WA3 3DA (Company number: 09757611).
- ✔ **Website:** www.yielders.co.uk

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This InfoMemo contains important information which you should ensure you have read before accepting them. You must raise any queries you have in respect of the same prior to investing in the SPV and should not invest in the SPV if you do not agree with it.

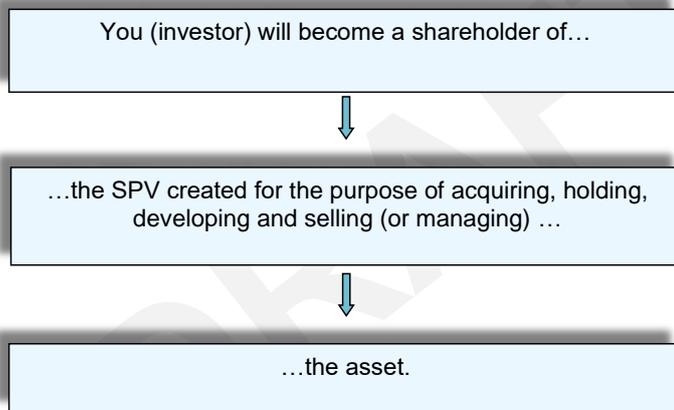
SUMMARY

- ✔ Investment reference: **SPVY0007 Albert Terrace**
- ✔ Investment type: **Real Estate – Purpose Built Student Accommodation**
- ✔ Brief description and state of the asset: **Freehold property at 5 Albert Terrace, Middlesbrough, TS1 3PA. The property has been undergoing development since January 2019 and is in an unfinished state.**
- ✔ Yielders' proposed plan of action: **Complete development of the property and rent units until high occupancy is achieved in order to achieve a sale price aligned to the independent valuations.**
- ✔ Investment term: **estimated 12 months from 01/10/2020**

This InfoMemo is published for the purposes of providing information in respect of the potential investment in the asset via an SPV as detailed below.

The intention was to create an SPV which will acquire and become the legal owner of the asset (complete) but is now in need of additional funding to deliver a finished property ready to let.

When you invest funds through Yielders:



The intention is to acquire and increase the value of an asset (and / or to increase the value of the shares of the SPV) by achieving the **Investment Objectives**, which are:

- ✔ **Step 1 (acquisition):** **acquiring an asset with development potential - COMPLETE**

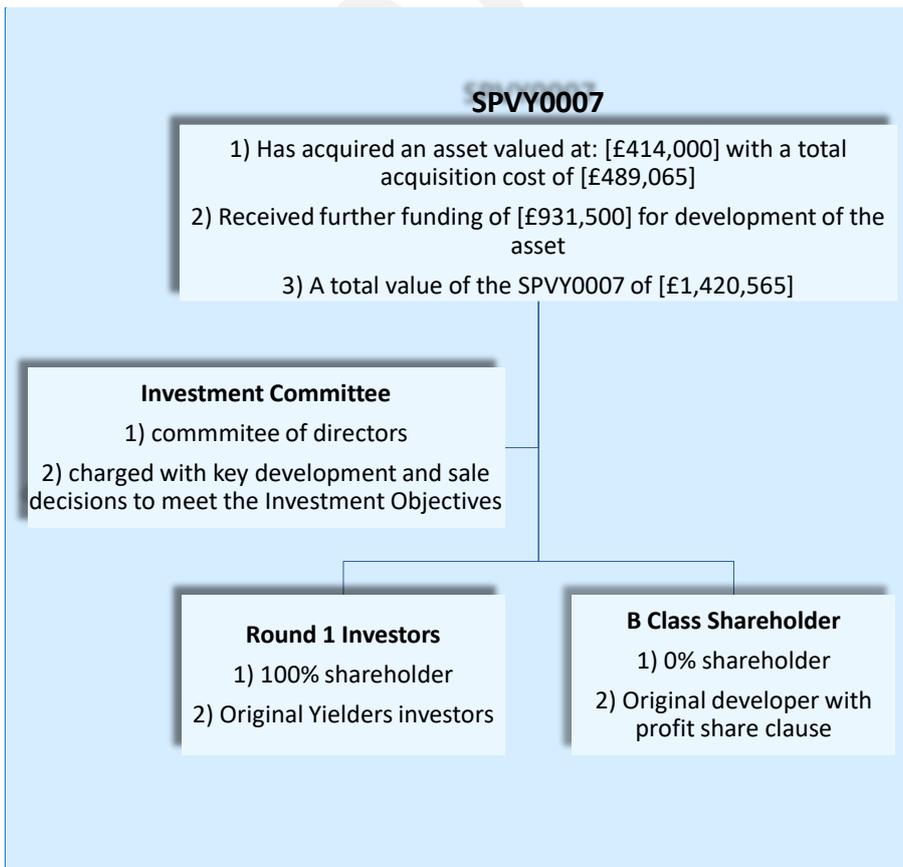
- ✓ **Step 2 (development and sale):** As planning permission has already been obtained, finish development of the asset and sell the development on to third-party buyers/investors;

Investing through Yielders will result in your money being pooled into an SPV incorporated for the sole purpose of acquiring an asset and generating revenue from it as detailed in this InfoMemo. In exchange for your investment, you will receive share(s) in the SPV. Your shares will be issued to you subject to the articles of association of the SPV which you are obliged to accept into when you invest. Should you not agree or wish to be bound by the articles of association of the SPV, you should not agree to invest in the SPV or acquire shares in it. Please note that if there is any inconsistency between the SPV's articles of association and this InfoMemo, the provisions of the articles of association will prevail. You should therefore ensure that you understand and agree to the provisions of the articles of association.

The structure charts below have been prepared to explain how your investment will be utilised by the SPV in exchange for you receiving shares in the SPV.

SPV structure on incorporation

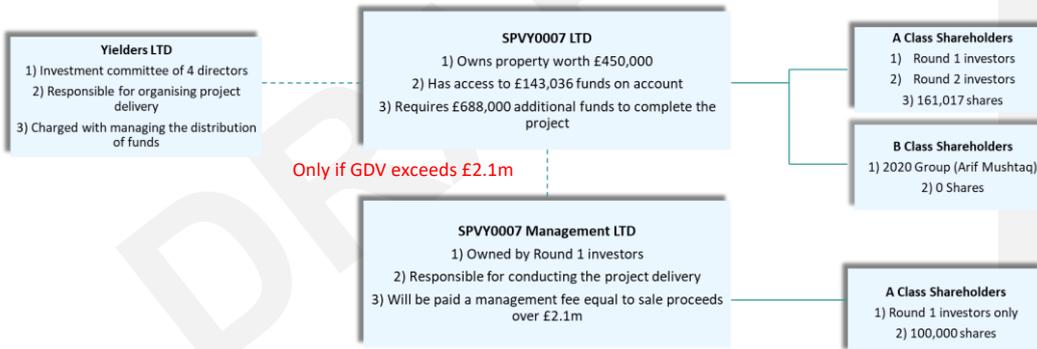
The first structure chart shows what the SPV will look like **before** your investment.



Commented [A1]: Edited to match Jon Roper's feedback PLS REVIEW

SPV structure after receipt of shareholder investment

The second structure chart shows what the SPV will look like **after** your investment. If the GDV Exceeds £2.1m, the investors may be entitled to an additional management fee for their involvement in in the project overachieving the initial projections.



1. SPVY000# Management Ltd

Another SPV may be set up to take the additional management fee from the original SPV as outlined above. This SPV will have the same shareholding as as the original SPV at the most recent month to ensure returns are paid proportionately

2. Yielders Ltd and the IC

Continue to exercise the will and rights of the IC as per this memorandum, the Articles of Association and the equivalent documents for SPV Management Ltd

A worked example of a sale at £2,400,000 after 5 years of holding is shown below:



How the number of your shares will be calculated

The number of shares that you will be issued in exchange for your investment will be determined by the amount of money that you invest (compared to other shareholders), the number of shares already existing in the SPV and the SPV's total investment requirements, and will be calculated in accordance with the following formula:

→	161,017		[£2,109,000]	←	Current investment required
Total number of shares in SPV	(Total number of SPV shares)		(Total investment required = purchase price of asset + development costs)		
=					
→	[8,869]		[£100,000]	←	Capital contributed by you
Number of shares you will be issued					

As an example (**Example 1**), if:

- ✓ the investment requirements for the SPV are £1,000,000 (based on the purchase price and planning costs of a property)
- ✓ the total number of shares to be issued in the SPV are 100,000
- ✓ you invest £500,000 to the SPV, and
- ✓ another shareholder invests £500,000,

then inputting the figures from Example 1 into the formula above will set out the number of shares that you would be issued. Based on the figures and assumptions from Example 1, you would be issued 50,000 shares out of a total of 100,000 shares in the SPV.

→ Total number of shares in SPV	100,000 (i.e. the total number of shares)	=	£1,000,000 (Total investment required = purchase price of asset + planning permission costs)	← Example investment required
→ Number of shares you will be issued	50,000	=	£500,000	← Example capital contributed by you

How the share prices will be calculated

The price of each share in the SPV will be based on the value of the asset that the SPV will acquire along with any other investment requirements. The share price will be calculated according to the following formula:

$$\text{£10.00 Share price} = \frac{\text{£1,000,000 (Total investment required)}}{100,000 \text{ (i.e. the total number of shares)}}$$

Please note that the number of shares in an SPV can change depending on any change in the value of the asset or the SPV's investment requirements. This could in turn affect the value and price of each share that you own.

For example (**Example 2**), if:

- ✓ the total investment required is initially £1,000,000 (to acquire an asset)
- ✓ the total number of shares are 100,000, then
- ✓ the price of each share in the SPV would be £10.00

However, if (**Example 3**):

- ✓ the total investment required increases from £1,000,000 (acquisition costs) to £1,250,000 (adding construction and development costs), then
- ✓ the directors of the SPV would consider issuing a further 25,000 shares of £1.00 each to meet the SPV's investment requirements.

Please note that the above formula has been simplified for explanatory purposes and that, generally, the valuation of the SPV's shares will take place in accordance with article 39 (Valuation) of the SPV's articles of association and with consideration to the above.

Dilution warning

Please note that when you invest in an SPV, you will be issued shares to represent the value of your contribution towards the total capital of the SPV. However, since the SPV may require further funding and there may be multiple individuals who are investing in the SPV, there is a possibility that your shares will be diluted. Dilution occurs when the proportion and value of your shares decreases in comparison to the total number of shares in the SPV. The most common instances of dilution would occur if the SPV were to increase its total number of shares (i.e. if it requires further funding) or if you were to sell part of your shares. To mitigate your risk of dilution, if the SPV intends to increase the total number of its shares, you and the SPV's other shareholders will each be given an opportunity to subscribe to additional shares in the SPV according to your existing proportions.

Using the figures from Example 3 above to explain:

- ✓ if you own 50,000 out of a total of 100,000 shares in the SPV (i.e. 50% shareholding) and another shareholder owns the remaining 50,000 of the SPV's shares
- ✓ if the SPV requires an additional £250,000 for its construction costs and the directors issue 25,000 additional shares
- ✓ then each shareholder will be entitled to subscribe to 50% of the 25,000 additional shares on offer (i.e. 12,500 each)
 - **Outcome 1:** if you and the other shareholder each pay £125,000 to subscribe to your entitlement of 12,500 additional shares each, you will each own 62,500 shares out of a total of 125,000 shares in the SPV (i.e. each maintaining a 50% shareholding)
 - **Outcome 2:** if you choose not to subscribe to your entitlement of 12,500 shares (for any reason), the directors will offer those shares to the other shareholder, and if necessary, a third-party investor. If the other shareholder subscribes to your entitlement of 12,500 shares as well as his entitlement of 12,500 shares, he will own 75,000 shares out of 125,000 total shares (i.e. a 60% shareholding, which is a 10% increase from the 50% shareholding) and you will own 50,000 out of 125,000 total shares (40% shareholding, which is a 10% decrease from the 50% shareholding)

Please remember that your voting rights and dividend rights can be affected by a dilution of your shareholding.

Key rights and responsibilities of the investors and Yielders

Yielders will undertake management responsibilities in relation to the SPV and its asset in order to achieve the Investment Objectives. Yielders will achieve this by being appointed as the SPV’s directors and setting up an investment committee (made of directors) who will be responsible for considering, evaluating and deciding on the Investment Objectives.

The respective rights and responsibilities of Yielders and the shareholders are set out in the table below, with references to the relevant provisions of the SPV’s articles of association.

Rights / responsibilities	Yielders	Shareholders
Source, locate and purchase an asset	✓ (Article 6.4.1.1 and 6.4.1.2)	
Funding for the asset		✓ (Article 63.1 and 63.2)
Applying for planning permission and dealing with development considerations	✓ (Article 6.4.1.5 and 6.4.1.6)	
Funding for planning permission costs		✓ (Article 63.1 and 63.2)
Carrying out development works	✓ (Article 3.2.1.5 and 6.4.1.7)	
Funding for development works		✓ (Article 63.1 and 63.2)
Sale of the asset or company	✓ (Article 3.2.1.2 and 3.2.1.3)	
Dividends from sale of the asset		✓ (Article 40 and 41)

Exit fee on sale of the asset	✓ (Article 3.3.6)	
Power to rent out the asset (if necessary)	✓ (Article 6.4.1.9)	
Fees or dividends from rental income	✓ (Article 40.1.2 and 4.1.5)	✓ (Article 40 and 41)
Power to issue new shares	✓ (Article 33.1)	
Right to subscribe to new shares		✓ (Article 63.2.1)
Power to appoint directors	✓ (Article 19.1)	✓ (Article 19.2)
Power to remove directors		✓ (Article 4.1.2 and 20.2)
Power to amend articles of association		✓ (Article 4.1.1.1)
Power to wind up the company		✓ (Article 4.1.2.3)

ASSET DESCRIPTION

The asset details are as follows:

✓ Property address: **5 Albert Terrace, Middlesbrough, TS1 3PA**

✓ Freehold

✓ Albert Terrace was built in approximately 1900 and Phase 1 incorporates 1 and 3 Albert Terrace, Middlesbrough which is the three-storey corner terraced building with attic and basement. Phase I has been fully refurbished over all storeys to provide 26 studio/flats for student accommodation along with laundry room and lounge facility. There is also a separate self-contained office unit on the ground floor.

✓ **Phase II:** This incorporates 304 Linthorpe Road and 5 Albert Terrace. These properties form an 'L' shaped area of land and buildings to the south and east of 1-3 Albert Terrace which in affect wrap around and connect to the Phase I development. It is SPVY0007's intention to develop this part of the property to provide 31 student beds in the form of flats and studios and one commercial office on the ground floor.

✓ GDV Estimates:

○ 31 Student Beds + 1 Commercial Office = £2.025m

Estimated cost of developing into 32 student beds + 1 commercial office £831,036.
Only £688,000 is required to meet this cost target

INTENDED REVENUE GENERATING PLAN

Figures

Projected acquisition costs breakdown:

ITEM	ESTIMATED COST
PROPERTY PURCHASE COST	£414,000
LEGAL, STAMP DUTY & OTHER FEES	£47,424
1 st ROUND DEVELOPMENT COSTS	£799,000
YIELDERS STRUCTURING FEE	£17,540
2 nd ROUND DEVELOPMENT COSTS	£831,036
SPVY0007 TOTAL FUND AMOUNT	£2,109,000

Projected rental figures:

ITEM	ESTIMATED REVENUE p.a.
Projected gross rental income achievable	£182,200

Projected growth assumptions:

ITEM	ESTIMATED REVENUE
Phase II GDV	£2,025,000

Projected sale costs:

ITEM	ESTIMATED COST
Agent fees	£25,250
Projected Round 2 investor return	10.15%

Exit Options

1. Sale of property/SPV

a. GDV above £2,100,000

If the sale proceeds exceed the above value, the Shareholders Agreement (in place from the first round of fundraising) reserves the right of Shareholders of B Class shares to receive 50% of the excess proceeds as a profit share.

b. GDV below £2,100,000

If the sale proceeds are less than the above value, the relevant clauses (7.1.2) in the Shareholders Agreement are amended to reduce the B Shareholder's profit share. Since the GDV is lower than the total investment into the SPV, there should not be any profits to share.

2. Platform exit of shares

The shareholders of this SPV can vote in favour of selling their shares in part on the Yields.co.uk platform instead of a sale of the whole property/SPV. The Yields IC will be responsible for conducting this vote, valuing the property and the shares so that they are reflective of this value. This could enable the investors to realise the same level of return estimated for the sale of the property.

The property will be held for a period of 5 years to generate rental income for the shareholders. A new Information Memorandum will be formulated for this investment proposition which includes a strategy to sell the property for RICS value at the end of the 5 years.

RISKS

Prospective investors should carefully consider the following non-exhaustive list of investment risks. Additional risks and uncertainties that are not currently known or are immaterial to Yields may also have an adverse effect on the investment. The value of your investment could be substantially reduced as a result of any of these risks and investors may lose all or part of their investment. The value of shares and the SPV can go down as well as up and this could result in an investor incurring a total loss of their investment. If you cannot afford to lose all of your investment, you should not consider applying to subscribe through Yields. An investment may not be suitable for all investors. Investors should be aware that investing in SPVs carry with it a high degree of inherent risk. Yields does not provide legal, financial or tax advice.

You should be aware of the following risks associated with your potential investment:

- ❑ **The value of your investment may decline and all capital may be lost**

- ❑ Investing in start-up limited companies, i.e. the SPV, or indeed any asset or property, carries certain risks which can include (but is not limited to) illiquidity; a potential lack of dividends; loss of the entire investment and dilution of it. It is **completely** your responsibility to satisfy yourself that this risk is acceptable to you. You acknowledge that making an investment should be done only as part of a diversified portfolio. This means that you should invest in relatively small amounts in multiple assets / SPV's rather than large amounts in one or two. Further, you may only want to invest a small proportion of your investable capital in any start-up business / SPV and other money invested in safer, more liquid assets. Please note that this does not constitute investment advice.
- ❑ Property prices can go down as well as up and you can lose all capital invested.
- ❑ Property prices can vary from property to property as well as location. These factors can in turn influence property process and can make them more or less susceptible to negative growth.
- ❑ By investing through the Website, you acknowledge that you may not get all your money back if the property price does fall. As such, you acknowledge that by virtue of these terms, the terms on the Website and the terms featured in the transaction documents provided to you, we are warning you that you should not invest any more money than you are able to afford to lose without altering your standard of living.
- ❑ Any investment you make will be illiquid as further sale of shares is not guaranteed. It will therefore ultimately be dependent on the sale of the asset at the end of the term of your investment. Investment in this portfolio should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the shares will occur or that the commercial objectives of the SPV will be achieved.
- ❑ An investment in shares may be subject to dilution in the future. Dilution occurs when a company issues more shares. Dilution affects every shareholder of that company that chooses not to purchase the new shares being offered. As a result, an existing shareholders' proportionate shareholding can be reduced or 'diluted'. This could impact voting, dividends and value of their shares.

❑ **Real Estate and Economic Conditions**

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political events and trends, tax laws and other factors can substantially and adversely affect asset / real estate investments in general and the SPV in particular.

❑ **Illiquidity – non-tradable securities and assets**

Investments constitute private transactions. As such, they are not publicly traded on stock exchanges and may not be rapidly sold or traded. Prior to investing, you should consider the likelihood that you will hold an investment for its full lifecycle and as such it is a long-term investment.

❑ **Failure to Obtain Planning Permission (applies if the property is to be developed)**

❑ In the event that an SPV is unable to obtain planning permission in relation to the proposed development of the property, the investors will not receive the potential dividends that they may have otherwise received if the property had been developed and sold for a higher price than what it was purchased for.

❑ **Contractor Default (applies if the property is being developed)**

❑ In the event that a development or construction contractor fails to meet its performance obligations to the SPV or goes bankrupt, investors may not see a return on the funds they invested to pay for the SPV's development costs. Such an event could require the SPV to seek further funding to pay for additional developers, which could result in further costs being incurred and a reduction in the profits anticipated by the SPV.

❑ The SPVs directors may exercise the right to spend existing available funds and newly raised funds from a cash call to deliver the project in as cost effective and time efficient manner as possible. The directors may also use these funds to meet the obligations of a new contractor and their defined milestone payments.

❑ **Tenant Default (applies only if the property is rented)**

❑ In the event of a tenant failing to meet its obligations to the owner of the property (the SPV), investors will experience a fall in the cash receipts and cash available for distribution to them. Bankruptcy laws can be used by a tenant at any time for their protection and this can mean that their lease is terminated. As a result, the tenant may no longer make payments on time or any payments under its lease at all.

❑ If a property owned by the SPV you hold shares in receives rent, this (subject to all costs of the SPV being met) will be paid to you and the other shareholders of the SPV in the form of dividends, after all expenses and costs payable. This could result in no dividends being paid. As such, there is a risk that you will not see a return on your investment. Past performance should not be used as a

reliability indicator as future potential is unknown and is independent of past performance.

✔ **Key Person Risk**

Yielders are dependent on the services of a limited number of key persons, and if the services of such key persons were to become unavailable or irreplaceable, the Yielders might deem it in the best interest of the SPV to wind the SPV up.

✔ **No Control**

The SPV will be managed by Yielders. Investors will be able to vote towards decisions in accordance with the articles of association you are obliged to accept into when investing in an SPV.

✔ **Taxation Risk**

The tax treatment and regulatory environment for SPV's in general may change from time to time depending on governmental and regulatory priorities and circumstances. There is no guarantee that the expected (S)EIS reliefs will always be available in the form expected. It is possible that some or all of the expected reliefs are withdrawn by the government, potentially retrospectively. In particular, the government and HM Revenue & Customs have been taking steps recently to tighten the regulations in relation to (S)EIS investments which seek to provide capital protection and to remove (S)EIS benefits from some such investments. No SPV is permitted to or does offer capital protection.

- ✔ There are circumstances in which an investor could cease to qualify for the taxation advantages offered by the (S)EIS. For example, (and without prejudice to the generality) capital gains deferral relief could be lost if an investor ceases to be resident or ordinarily resident in the United Kingdom during the minimum investment period. In addition, an investor could cease to qualify for (S)EIS income tax relief if he receives value from one of the Yielders SPV's during the period beginning one year before the shares in the new SPV are issued and ending on the conclusion of the minimum investment period. Payment of a dividend, however, would not typically be regarded as a receipt of value.
- ✔ If any of the SPV's cease to carry on business of the type prescribed for (S)EIS qualifying companies during the minimum investment period, this could prejudice their qualifying status under the (S)EIS. If Yielders does not comply with the rules in relation to utilisation of the invested funds with the applicable time limits then this again could prejudice its qualifying status under (S)EIS.
- ✔ The consequences of any of the SPVs ceasing to qualify for (S)EIS purposes could include withdrawal of any tax reliefs already received by an investor

(including repayment for example of any income tax relief to HMRC) and the loss of any future (S)EIS reliefs.

✔ **General**

- ✔ Yielders via its Website and any other communication platforms offers no guarantees or assurances as to any income, capital growth or other financial gain through your investment in an SPV.
- ✔ Subject to the terms of the articles of association, you may sell your shares in any SPV provided it is done through Yielders. In respect of such sale, Yielders will charge you a fee of £50. We do not offer any assurance or guarantee that your shares will be sold and such sale will be subject to you or Yielders finding a willing buyer for the shares at the relevant price. Neither we nor the SPV will underwrite or guarantee the price or liquidity of any onward sale of shares, however, we confirm that we will use all reasonable endeavours to sell the shares on your behalf.
- ✔ We will provide you with the SPV's company documentation. We strongly advise you carry out your own independent due diligence on the investment being offered via Yielders, including (but not limited to) this InfoMemo and SPV company documents in order to ascertain the risks involved.
- ✔ If you are not familiar with the transaction documentation, you must seek professional advice before proceeding to invest.
- ✔ Information provided about the asset and SPV as well as projections of future performance may be based on the internal calculations and opinions of Yielders based on information provided to us. They are subject to change at any time and influenced by third party factors outside of our control. Forecasts are not reliable indicators of future results and should not be relied upon.

✔ **Forward-looking statements**

Investors should not place reliance on forward-looking statements. This document includes statements that are (or may be deemed to be) "forward looking statements" which can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "will", "would", "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this document, based on past trends or activities, should not be taken as a representation that such trends or

activities will continue in the future. It should be noted that no assurances can be provided that EIS or SEIS status will be maintained or granted for the minimum investment period that the investment is required to be held for capital gains tax and income tax purposes. It should further be noted, that where tax reliefs are available, they are only available on the actual amounts invested in the SPV's, and therefore no tax relief is available for charges.

KEY POINTS TO NOTE ABOUT THE INVESTMENT

You should ensure that you understand the following key terms:

- ✔ The number of shares that you will acquire when you invest will be determined by the amount of money you are able to invest.
- ✔ The total sum of money that you will require when investing will need to include:
 - The amount you would like to invest in the SPV.
 - For first round investors, Yielders' fees for incorporating the SPV, being 2.5% of the total amount invested.
 - Any other fees noted above in this InfoMemo as payable on investment.
- ✔ Before you invest, you need to make sure that you have sought financial / tax advice as Yielders is not authorised to provide such advice. Please do not invest if you might not be able to pay the taxes that may be due as a result of your investment.
- ✔ The SPV and asset owned by the SPV will be managed in accordance with this InfoMemo and the SPV's articles of association. The asset or SPV will not, under any circumstance (subject to the articles of association of the SPV), be sold earlier than the date envisaged in this InfoMemo. Any action taken by any investor to directly or indirectly, cause the shares of the SPV or the asset to be sold prior to the expiry of the term will be voidable. This means that such steps will have no effect unless stated otherwise in the SPV's articles of association. Any investor found to be taking such steps will be required to indemnify all losses caused to any party as a result.

E-wallet

Acquisition stage

- ✔ You will not be permitted to invest in an SPV through Yielders unless you have registered on the Website. In order to register, you will be required to review and accept the following terms and conditions:
 - General terms and conditions;
 - Cookie policy;

- Privacy policy;
 - Website terms of use;
 - Website acceptable use policy; and
 - KYC policy.
- ✔ In the event that you do not accept these terms, you will not be permitted to register on the Website and will not be permitted to make an investment.
- ✔ Further, your registration on the Website is dependent on completion of checks against your identity, address and origins of funds pursuant to our KYC policy. In the event of any issues arising from these checks, Yielders reserve the right to refuse your registration to the Website and have no obligation to disclose its reasoning for refusing your registration.
- ✔ Once you have registered, you may view the investments on offer on the Website. You will be permitted to invest in any investment provided you place an offer to invest before the total amount of funds required in respect of a particular asset / SPV have been invested by other investors or Yielders' deadline has expired, whichever is the earlier.
- ✔ In order to make an offer for investment, you will be required to confirm your acceptance of this InfoMemo and the articles of association of the SPV. In addition, you will be required to provide payment of the investment amount together with the fees payable in respect of the same.
- ✔ The money you invest will be held in an SPV holding E-wallet held on trust by Yielders for you.
- ✔ Once you have confirmed your offer, it will be irrevocable. Yielders will process your order and notify you via a confirmation email and/or via the Website at the expiry of the deadline for investment in the SPV or earlier if the requisite investment funds have been acquired, confirming that you are now a shareholder of the SPV and will provide you with your share certificate in respect of the same.
- ✔ Upon expiry of the investment period or when the requisite investment funds have been acquired, your investment funds will be transferred out of the SPV holding E-Wallet and into the SPV E-wallet. Prior to this, Yielders' fees will be transferred to the Yielders fee E-wallet and any other payments into their respective E-wallets. At such time the E-wallet trust arrangement shall immediately terminate as a result of your acquisition of shares in the SPV in exchange for the funds held on trust in the SPV holding E-wallet.
- ✔ During the term of your investment, you will be entitled to dividend payments in accordance with the articles of association of the SPV.

- ✓ Further, during the term, Yielders will be entitled to the payments detailed in this InfoMemo in respect of its services to the SPV.

First round investment stage – Primary market

- ✓ You will be entitled to sell your shareholding in the SPV. This must be completed via the Website. You may source your own purchaser, but transfer of shares can only be completed by Yielders. Each time a given set of shares is transferred, a £50 transfer fee will be payable to Yielders.
- ✓ When shares are purchased by secondary / tertiary investors, as appropriate, i.e. on a transfer of shares, the funds paid for the acquisition of the shares in the SPV will be held in the SPV holding E-wallet until the transfer has been effected, at which point:
 - the funds due to the selling investor will be transferred to the selling investor's E-wallet. The selling investor may then direct payment into his personal bank account via the Website;
 - the money paid by the purchasing investor will be transferred into the SPV E-wallet;
 - 0.5% of the purchase price for the shares or such other percentage as may be determined by law from time to time will be transferred to the Stamp Duty E-wallet. With the exception of stamp duty, all other applicable taxes attributable to the selling investor remain the liability of the selling investor;
 - Yielders' £50 transfer fee will be transferred to the Yielders' fee E-wallet.

Second round investment stage - Secondary market

- ✓ When shares are purchased by secondary investors, i.e. on a transfer of shares, the funds paid for the acquisition of shares in the SPV will be held in the SPV holding E-wallet until the transfer has been effected, at which point:
 - the funds due to the selling investor will be transferred to the selling investor's E-wallet. The selling investor may then direct payment into his personal bank account via the Website;
 - the money paid by the purchasing investor will be transferred into the SPV E-wallet;
 - 0.5% of the purchase price for the shares or such other percentage as may be determined by law from time to time will be transferred to the Stamp Duty E-wallet. With the exception of stamp duty, all other applicable taxes attributable to the selling investor remain the liability of the selling investor;

- Yielders' transfer fee will be transferred to the Yielders' fee E-wallet.

Other payments

- ✔ For all transfers of funds or shares, Yielders will manage the process.
- ✔ Dividend payments will be made to your personal E-wallet. These payments will be made to you from the SPV E-wallet:
 - Following a reconciliation of the revenue earned by the SPV;
 - After certain taxes and other deductions are appropriately apportioned and deducted;
 - After the net dividend payment due is declared on the Website;
 - If the asset is rented, then after Yielder's monthly management fee of a sum equal to 10% of the gross rental income will be deducted from the balance revenue; only then will
 - Any dividend payments due be made to the shareholders of the SPV based on the number of shares they own in the SPV, provided the dividend exceeds the sum of £100.
- ✔ Any appropriate and necessary payments due by the SPV to any third party will be taken from the SPV E-wallet prior to payment of any dividends.
- ✔ In the event that the asset owned by the SPV is sold or Yielders is removed as a director of the SPV, Yielders will be entitled to payment of a sum equal to 15% of the increase in value of the asset or share (whichever is the higher), on the date the asset is sold or Yielders' directorship is terminated from the value of the asset or share on the date it was acquired.
- ✔ The value of the shares and/or asset will be determined by an expert valuer listed in the panel of experts of Yielders as amended from time to time and will be completed in accordance with the articles of association of the SPV.

Early exit

- ✔ When you invest, you will not be permitted to exit the investment early without incurring additional costs. Should you choose to do so, you will be doing so at your own risk and cost and will be required to proceed as managed and directed by Yielders in order that we can ensure that other investors are not adversely affected by your departure. Any early departure will be at your own risk. An early departure that causes losses (monetary or otherwise) to other investors or Yielders will be the sole liability of the investor seeking an early exit. As such if an early departure is unavoidable, we would advise that you proceed per the instruction of Yielders and seek legal and financial advice as appropriate.

- ✔ In the event that you do elect to exit prior to the expiry of the term of the investment, you will be required to commission a valuation from Yielders' panel of experts.

Investor details

- ✔ Please note that whilst Yielders will use all reasonable endeavours to maintain that details of all its investors remain confidential, it may from time to time be required by statute / law, to ensure make your name and address available on public record. In such event, Yielders will be obliged to comply with said statute / law and will be required to make such information available as required.
- ✔ Further, please note that details of all shareholders will naturally become public information when the SPV's first annual return becomes due (and each time an annual return becomes due) as details are required by law to be noted therein.

ARTICLES OF ASSOCIATION

When you agree to invest in the SPV, you will be required to confirm that you agree to be bound by the articles of association of the SPV. The purpose of the articles of association is to govern the manner in which the SPV is to operate as well as regulate the relationship of investors and confirm their rights and obligations towards other shareholders and the SPV.

You must read the articles of association in full and raise any queries you have with us and your legal advisors before accepting them.

The table on pages 11 and 12 of the InfoMemo (above) sets out some of the key rights and responsibilities of Yielders and the shareholders in the SPV.

Some other key terms of the articles of association include:

- ✔ Yielders (and its authorised representatives) will be one of the directors of the SPV. They will be charged with the day to day management of the SPV. Subject to the terms of the articles of association of the SPV, Yielders (and its authorised representatives) will be permitted to appoint or remove a Yielders representative to take on the role of director whilst it holds directorship in the SPV.
- ✔ You will be required to obtain and maintain your own insurance for any losses and potential liabilities incurred or caused by your investment.
- ✔ If you are required to obtain third party consents for the purposes of your intended investment, it is your sole responsibility to do so prior to investing any sums of money through Yielders and if you confirm your offer, it shall be deemed that such consent(s) will have been obtained.
- ✔ The minimum term of your investment will be 12 months commencing on 01/10/2020.
- ✔ Whilst the day to day management of the SPV will rest with the directors who will act in accordance with the articles of association, shareholders will have the right to vote on certain decisions affecting the SPV. These are listed in article 4 of the articles of association.
- ✔ The directors:
 - Meetings will take place at least once a year;
 - The directors are permitted to take all such steps it deems necessary to ensure that the SPV and asset is dealt with in the manner envisaged in this InfoMemo (and transaction documents) and is permitted to exercise its full discretion to do so.
 - In addition to the annual meeting, the director may call board meetings as and when required.

✓ Shareholders:

- Meetings of shareholders will only be valid if there is at least 75% representation of the total shareholding of the SPV in attendance. So if there is a general meeting, at least 75% of the 100% of the shareholders must be present (in person, electronically or may any other permitted means) and able to vote.
- One share will represent one vote when it comes to making decisions at general meetings (i.e. the "Reserved Matters").
- Any shareholder may appoint a proxy to attend a general meeting on their behalf. The default proxy in the event that a shareholder fails to attend a meeting and appoint a proxy, will be a representative of Yielders and their vote will be noted in favour of the decision to be made.
- There are certain matters listed in the articles of association which either require a majority vote in favour of that decision, i.e. 75% of the total votes or a unanimous vote as detailed separately therein.

✓ The SPV will be funded by cash investments. Should further investment be required, additional shares will be offered to the existing shareholders of the SPV in the first instance. Thereafter, if further investment is still required, the directors may consider alternate methods of financing subject to a majority vote (i.e. 75% in favour) of the shareholders of the SPV.

✓ Financial and accounting information relating to the SPV will be available from time to time and upon request.

✓ Final dividends will be paid upon the disposal of the asset. Otherwise, subject to a minimum of £100 (net) being available, dividends will be paid at the end of each month after the following deductions have been made:

- corporation tax liability of the SPV at the prevailing rate;
- if the asset is rented out, the deduction of a monthly management fee of a sum equal to 10% of all gross rental income received by the SPV;
- all necessary, reasonable and prudent provisions and reserves for taxation other than corporation tax;
- expenses of the SPV (including but not limited to those cited herein);
- all fees due to the SPV or Yielders as a director in accordance with the articles of association of the SPV.

✓ Dividend payments will be made to your E-wallet when appropriate.

✓ Transfer of shares:

- In the event that a shareholder seeks to transfer his/her shares prior to the expiry of the term of the investment, such shareholder will be required to do so at the direction of Yielders and the directors and via the Website (with the exception of those shares being transferred after the expiry of the term).
- A valuation will need to be undertaken via a valuer from Yielders' panel of experts. The cost of the valuation will be for the account of the party transferring his/her shares.
- In the event that the transferring shareholder has sourced his/her own purchaser, the transfer must take place via the Website and the purchaser must first be approved by Yielders and registered on the Website.
- In the event that the transferring shareholder has not sourced his/her own purchaser, the directors will first offer the shares to existing shareholders of the SPV. If the shares remain unsold for 5 Business Days, they will be offered to third party investors on the Website.
- The cost of the transfer is to be borne by the shareholder transferring his/her shares.
- ✔ Investors are required to take all steps necessary to ensure that the executors of his estate liaise with the director of the SPV for the transfer of shares to it in accordance with the terms of the articles of association of the SPV.
- ✔ Drag along rights
 - If 75% of the SPV's shareholders agree to sell their shares in the SPV to a single buyer, they can require the remaining 25% of the shareholders to sell their shares to the same buyer
 - The above 'drag along rights' are subject to the buyer offering the remaining shareholders the same terms as offered to the 75% of shareholders who agree to the share sale
- ✔ Tag along rights
 - If 75% of the SPV's shareholders agree to sell their shares in the SPV to a single buyer, and the remaining 25% of the shareholders also wish to be included as part of the share sale, the remaining shareholders can implement 'tag along rights' to be included in the share sale
 - The above 'tag along rights' will require the buyer to offer the same terms to the remaining shareholders as offered to the 75% shareholders
- ✔ The articles of association will cease to apply:

- Upon a permitted transfer of shares;
 - Pursuant to an order of the court for the winding up of the SPV;
 - An investor failing a compliance check completed on him pursuant to Yielders' KYC policy;
 - An investor becoming a politically exposed person;
 - Sale of an asset or the SPV;
 - In the event of a UK sanction or restriction imposed by law, court order or governing body that prevents the shareholder from holding shares in the SPV or dealing with his/her shares;
 - Removal of Yielders as director of the SPV.
- ✓ In the event that a shareholder seeks to terminate their investment prior to the expiry of the term of the investment, he/she will be required to transfer his/her shares through Yielders. He/she will be required to conduct a valuation of his/her shares as noted above. The value of his/her shares shall be the lower of the value of the asset at the time of the valuation or the date when his/her shares were acquired.
- ✓ At the expiry of the term, the shareholders may sell their shares on the Website.
- ✓ In the event that shareholders of an SPV unanimously determine that Yielders must resign as director of the SPV, or the asset or SPV is to be sold, an independent valuation of the shares and/or asset will need to be conducted, the shareholders will be required to pay an exit fee of 15% of the increase in value of the shares or asset whichever is the higher (valued in accordance with the articles of association of the SPV) and the shareholders will need to complete the requisite formalities to terminate the appointment or sell the SPV or asset.
- ✓ In the event of your breach of the articles of association, separate to any rights and remedies applicable, you agree that damages may not be an adequate remedy and for this reason, the non-breaching party will be entitled to other remedies against you (the breaching party) such as an injunction, specific performance, etc. Separately, each shareholder will be required to keep the SPV indemnified against any losses it incurs as a result of the breach, enforcement of the articles of association in respect of the same and defending claims from third parties as a result of the breach for example.

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INVESTOR CLASSIFICATION

Before you invest, you must certify yourself as one of the following types of investors:

- Retail investor
- Advised investor
- Self-certified sophisticated investor
- High-net worth investor

The following certifications will need to be made as appropriate:

Retail investors:

I make this statement so that I can receive promotional communications relating to unlisted debt securities as a restricted investor. I declare that I qualify as a restricted investor because:

- In the twelve months proceeding, I have not invested more than 10% of my net assets in unlisted shares or unlisted debt securities: and
- I undertake that in the twelve months following I will not invest more than 10% of my net assets in unlisted shares or unlisted debt securities.

Net assets for these purposes do not include:

- The property which is my primary residence or any money raised through a loan secured on that property;
- Any rights of mine under a qualifying contract of insurance or
- Any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be entitled.

I accept that the investments to which the promotions will relate may expose me to a significant risk of losing all of the money or other property invested. I am aware that it is open to me to seek advice from an authorised person who specialises in advising on unlisted shares and unlisted debt securities.

Advised investors:

I am a client of a firm that has assessed me as suitable to receive financial promotions. I accept that the investments to which the promotions relate may expose me to a significant risk of losing all of the money or other property invested. I am aware that it is open for me to seek advice from an authorised person who specialises in advising on unlisted shares and unlisted debt securities.

Self-certified investors:

I declare that I am a self-certified sophisticated investor for the purposes of the restriction on promotion of non-mainstream pooled investments, I understand that this means:

- I can receive promotional communications made by a person who is authorised by the Financial Conduct Authority which relate to investment activity in non-mainstream pooled investments;
- The investments to which the promotions will relate may expose me to a significant risk of losing all of the property invested.

I am a self-certified sophisticated investor because at least one of the following applies:

- I am a member of a network or syndicate of business angels and have been so for at least the last six months prior;
- I have made more than one investment in an unlisted company, including via Yielders, in the last two years prior;
- I am working, or have worked in the two years prior, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises;
- I am currently, or have been in the two years' prior, a director of a company with an annual turnover of at least £1 million.

I accept that the investments to which the promotions will relate may expose me to a significant risk of losing all of the money or other property invested. I am aware that it is open to me to seek advice from someone who specialises in advising on non-mainstream pooled investments.

High net worth investors:

I make this statement so that I can receive promotional communications which are exempt from the restriction on promotion of non-mainstream pooled investments. The exemption relates to certified high net worth investors and I declare that I qualify as such because at least one of the following applies to me:

- I had, throughout the financial year immediately preceding, an annual income to the value of £100,000 or more;
- I held, throughout the financial year immediately preceding, net assets to the value of £250,000 or more.

Net assets for these purposes do not include:

- ✔ The property which is my primary residence or any money raised through a loan secured on that property;
- ✔ Any rights of mine under a qualifying contract of insurance or
- ✔ Any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be entitled.

Appendix 1 – Legal Advice on Shareholders Agreement and B Shareholder profit share

The Company has entered into a Shareholders Agreement with the parent company of the original contractor under which it holds a B Share. That share does not convey any right to participate in the management of the Company or the asset but allows a right to participate in the realisation from the sale of the Company or asset subject to a threshold of £2,100,000 being met

The right is as follows:

"7.1 The parties agree that the proceeds of an Exit shall be distributed between them as follows:

7.1.1 in paying all fees and expenses incurred in managing the Company and its assets and the costs and expenses of the Exit, including but not limited to those incurred by the Investor;

7.1.2 as to the balance, and subject to the price being £2,100,000 or greater 50% to the A Shareholders and 50% to the B Shareholders but in the event that the price achieved is less than £2,100,000 the percentage to the A Shareholders shall increase and the percentage to the B Shareholders shall reduce on a pro rata basis

7.1.3 as to the balance, and subject to the price being less than £2,100,000 and the Board electing to accept the Offer then the B Shareholder shall have the option to either (1) buy the Property or the asse so that the A Shareholder receives such sum as they would have done under clause 7.1.2 based on a valuation of £2,100,000 or to reduce its proceeds from the sale to have the same effect

7.1.4 in the event that the Board do not receive an acceptable Offer under clause 65.2 then they may, at their absolute discretion, resolve to rent out the Property or asset to a third party at such sum as they are advised represents a fair and reasonable market valuation"

The Company and Yielders Investment Committee retain the right to manage the property and asset in the best interests of the Company

The initial Contractor, a subsidiary of the B shareholder is currently going through insolvency proceedings and the Company has supplied a proof of debt form

The reality of this position is that the Company is presently underfunded to complete the Project and runs the risk of not being able to complete the build out and sale as a

completed development which means that any realisation may be minimal and on a partially completed site.

Yielder Investment Committee and the Company want to avoid this eventuality and so have issued this Information Memorandum in an attempt to raise sufficient funds to complete the project

If they are successful in achieving this then one of the first tasks will be to appoint a replacement Contractor and agree a commercially realistic contract with them for the Completion of the works against specified deliverable project milestones. The Shareholders Agreement affords the Board of the Company power to do this and to manage the property and the asset and to make all decisions as they relate to the Site. The B Shareholder is powerless in this regard (subject to the Company and the Board complying with provisions of the Companies Act) by virtue of a provision in the Shareholders Agreement which reads:

"8 The parties agree that the B Shares carry no rights to participate or join in the management, operation or supervisions of the Company nor to attend, vote at or participate in any general meeting of the Company nor to participate in any dividend lawfully declared and paid by the Company and the only right afforded to the B Shares and the B Shareholders are those set out in clauses 6.3 and 7.1.3 above"

Clause 7.1.3 is quoted above and clause 6.3, for the sake of completeness, reads:

"6.3 In the event that the Board receive and resolve to consider an Offer, they shall advise the B Shareholders by notice in writing of the terms of the Offer and the B Shareholders shall have 10 Business Days from and including the day of receipt of such notice to serve an option notice upon the Board confirming a higher offer than the Offer but should such notice not be served or should the B Shareholder not wish to proceed with the exercise of this option or make a higher offer than the Offer then the Board shall be free to accept the Offer and proceed with the Exit and the option set out in this clause 6.3 shall, immediately lapse and be of no effect PROVIDED ALWAYS THAT in the event an Offer is accepted during the redevelopment stage the notice given to the B Shareholders in accordance with this clause 6.3 shall be increased to 20 Business Days to allow them time to obtain funding to complete should they wish to do so"

The Property is presently in the development stage awaiting more funds and no Offer has been received.