keyfacts®

KEY FEATURES DOCUMENT

(of the Private Loan Notes)

Clementine

Property taken care of

CONTENTS

The Financial Conduct Authority is the independent financial services regulator. It requires us, Clementine Services Limited, to give you this important information to help you decide whether our Private Loan Notes are right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference. If you have any queries or require further information, you can call us on 0191 323 3398.

ITS AIMS

This **key features document** is intended for High Net Worth Individuals (HNWIs) and Sophisticated Investors that wish to gain exposure to Clementine's trade services, renewables work and green installs growth via Private Loan Notes, and their trustees and professional advisers. It is not intended for individual retail clients.

This **key features document** will give you information on the main features, benefits and risks of the private loan notes provided by Clementine Services and is intended as a guide to assist you in understanding how we operate the private loan notes, rather than generic or regulated advice.

It should be read in conjunction with:

– your **Loan Note Agreement** – your signed agreement with the Company setting out the terms of your investment, accessibility and charges; and

– the **Investment Summary Document** – a document setting out the basis of the private loan notes to ensure equality of treatment for noteholders which, together with your signed **Application Form**, comprise your investment agreement documents.

Additional information and wider reading can be found on the Company's main website.

Its aim is to allow you, with advice from your financial adviser, to take an informed view when planning your financial future by providing you with the key facts of the investment.

Further aims of the Company's private loan notes are:

- To increase the value of the money you invest.
- To let you take money out of your note should you choose.
- To make an impact by helping to make the UK's building stock more energy efficient.
- To invest your money directly into the growth of the Company in pursuit of trade services, green installs and the growth of a national trade network.
- To allow the Company to invest in new field team members, support staff, vehicles and tools which will allow us to grow revenues and open up new territories of coverage.
- It is envisaged that each multiple of £12,500 will allow the Company to fund an additional vehicle on the road, fully stocked and into revenue production.

YOUR COMMITMENT

- To invest a minimum amount as required by your declared investment status, most usually £100,000.00 for HNW individuals. This usually done in staged drawdowns and is not required to be invested in a single drawdown.
- The minimum drawdown is £12,500 which allows at least one vehicle to be deployed on the road. More usually, drawdowns are made in increments of £25,000.
- You can invest for as long as you like but you should see your private loan note as at least a medium-term investment. The term is set at 3 years, and you should invest only if you reasonably expect to be invested for the full term of 3 years.
- Our private loan notes should not be considered short-term investments and are not suitable for such purposes.
- There is a 1% exit fee for early redemption during the 3 year period.

RISKS

This section is designed to tell you about some of the product risks that you need to consider:

INVESTMENTS

- **Your capital is at risk when investing in Clementine's Private Loan Notes.**
- The value of the investments can fall as well as rise and you may get back less than you originally invested.
- You could lose <u>all</u> of your money invested in this product. This is a high-risk investment and is **much riskier than a savings account**.
- ISA eligibility does not guarantee returns or protect you from losses.
- Past performance is not a guide to future returns.
- There are higher risks associated with these types of speculative illiquid investments.

The FCA seeks to improve the full disclosure of risks to help to prevent significant and unexpected losses. Improved disclosure will help to limit the number of private investors for whom these products are suitable and will allow those investors to make better-informed investment decisions about whether to invest, and how much they want to risk.

INVESTMENT LIQUIDITY RISK

- Clementine's Private Loan Notes are by their nature illiquid and you need to be prepared to hold this investment for the full term.
- There is no recognised market to sell this investment. For smaller investment amounts under £50,000, Clementine operates a liquidity pool allowing day-to-day redemptions in the normal operation of trading. This cannot be relied upon should too many investors want all their funds back at the same time.
- We do endeavour to operate a limited secondary market where we will promote your investment for sale to other existing investors, but there is no guarantee of a buyer. Clementine will charge an exit fee of 1% for this service.
- Before you invest, you should consider if you will need access to those funds during the investment term should your circumstances change.

COMPENSATION SCHEME

- The Financial Services Compensation Scheme **does not** apply to these investments. You should consider this carefully.

RECOMMENDED INVESTMENT ADVICE

- To reduce your risk, you should consider seeking professional advice from a qualified financial adviser. To not take such advice would be considered bad practice and would tend to increase the risk of any investment activity.
- You should speak to your financial adviser if you are unsure about any of the risks associated in investments in Clementine Private Loan Notes.

TAXATION

- Tax rules and allowances depend on your circumstances and may change.
- Changes in tax legislation or a change in your individual tax position may affect your net return.

INFLATION RISK

- Inflation will, over time, reduce the spending power of your investments.

QUESTIONS & ANSWERS

WHAT IS A PRIVATE LOAN NOTE?

A private loan note is a simple debt agreement made between a company and a private investor. It offers the loan of debt for a fixed period of time (the investment term) in return for an agreed fixed income return (the coupon) to the lender (the investor).

HOW DO I INVEST?

You must complete an application form and enter into a loan note agreement with Clementine Services Limited.

The following will also be required before any application is accepted:

- Copies of the relevant HNWI or Sophisticated Investor declaration.
- Know Your Customer (KYC) information including:
    - Proof of Identity
    - Source of Funds (if applicable)

Transfer of your investment funds can be made via CHAPS or bank transfer.

CAN I CHANGE MY MIND?

Yes. After we have finalised your Clementine Private Loan Note we will send you a letter confirming this. You will then have 30 days starting from the day you receive the letter to change your mind and cancel your Clementine Private Loan Note.

If you decide to cancel, you should write to us at the address given in the section titled How to contact us below. Once we have received your notification, we will give you your money less any other payments, charges and fees in accordance with the loan note agreement.

If you do not cancel your Clementine Private Loan Note it will continue in force in accordance with the loan note agreement.

WHAT IS THE SETTLEMENT PROCESS?

Settlement for redemptions will be processed in accordance with the loan note agreement and stated targets of timescales, less the 1% exit fee to cover the re-sale of your investment elsewhere (if possible).

Our preferred means of settlement is by CHAPS. We will settle disinvestments by CHAPS to a predetermined bank account.

SCHEDULE 1: KEY FACTS

Here are the key facts relating to Clementine Private Loan Notes:

- Ten percent (10%) return per annum, paid monthly.
- Three (3) year standard term.
- Capital returned in full at the end of each project.
- Interest-only and monthly capital repayment options available.
- Standard investment starts with an initial £25k drawdown. Additional drawdowns are then at each investor's discretion based on performance.
- Several safety mechanisms built in including:
    - Charge over any purchased assets.
    - Additional equity support from existing portfolio.
    - Support from ongoing trading income.
    - Director's personal guarantee.
- 1% exit fee for early redemption.
- Up to four (4%) commission on new investments and any top-up investment.
- Option to roll-over investment at end of term (with follow-on 2% commission).

SCHEDULE 2: COMPANY HISTORY

- Clementine, and its parent the Adavo Group, is a family business. It is owned 100% by Mark and Kerry Black; a Newcastle-based husband and wife team, supported by a settled and experienced staff of 30+ people.
- Adavo Group has a 13+ year trading history. The first Adavo business began in Jan 2010 as a small residential development and lettings business with further companies added over the years.
- Clementine has been the internal facilities division of the business since inception.
- The business branched into offices rentals in 2012 then office development in 2014.
- Clementine Services Limited was operated within Adavo over covid, delivering £380,000 of revenues before it was spun out as a stand alone business in 2022.
- Circa 35 staff and counting, split mainly between construction, reception, cleaning and admin teams.

- Good management team, systems & training; 12 divisions, modern infrastructure set up across Teams, Sharepoint, Planner etc.
- Customer focused, both in terms of tenants and investors. Well received by both so far.
- Great working culture, happy staff, nice place to be.
- Open mindset, willing to learn and want to grow.
- **Current Position** 🍊
- Current debt of £6.5m against £10m balance sheet, which will develop into £8.5m against £13m balance sheet once pipeline is completed.
- Current revenues of circa £100k pm growing to £150k pm on delivered stock. Expected revenues for the next 12 months of £1.5m+ (last year £868k)
- Current objective is 50+ field services operatives and 5 buildings in the North East of England, grown as a lattice structure town to town.
- Aim is then expand Clementine regionally, then nationally around the UK and into London as a priority.

SCHEDULE 3: PARENT COMPANY

- Clementine Services Limited is 100% owned by Adavo Limited.
- Adavo Group have circa 150 offices live in revenue production with a further 70 offices in development.
- The 70 offices in development are in two projects, 50+ office suites in Blyth, Northumberland and around 20+ in the Buddle, North Tyneside.
- It is expected that 220 delivered offices will generate circa £2m+ per annum in revenues.
- Average project is around £1.5m including purchase, development costs and debt servicing
- Clementine benefits from fit-out contracts awarded via Adavo Group. As Adavo's workspace locations expand, Clementine growth via management of those developments.
- Adavo Group have identified 40+ buildings in the North East for expansion.

FURTHER INFORMATION

How to complain

If you are not happy with our service, please contact your Client Service Manager, using any of the contact details given above. Full details of our written complaints procedures are available upon request. All complaints can be referred to the following address:

Clementine Services Limited

The Town Hall

High Street East

Wallsend, North Tyneside

NE28 7AT

Telephone: 0191 323 3398

Web: www.clementine.services

Please note the Financial Ombudsman is **not available** regarding recourse for investment in Clementine's private loan notes.

Terms and conditions

This KFD provides a summary of the Clementine private loan notes. It does not include all the definitions, exclusions, and terms and conditions. These are shown in the Terms and Conditions. If you would like a copy of the Clementine Terms and Conditions please ask your financial adviser or us.

Law and language

The Clementine Private Loan Notes are governed by the law of England and Wales and English courts will have exclusive jurisdiction to decide any disputes that may arise.

The Clementine Private Loan Notes Terms & Conditions are in English, as all communications between us will be.

Compensation

Clementine's private loan notes are **not** covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations to you, you **will not** be eligible for compensation from the scheme.

Further information regarding eligibility is available from the FSCS website at: www.fscs.org.uk.

COMMITMENT

DISCIPLINE

EXCELLENCE

STRENGTH

HABIT

FAITH

PASSION

PERFORMANCE

INTEGRITY

Clementine