



**JaeVee**  
YOUR PROPERTY PARTNER

# Investment Memorandum

Capital At Risk

# Disclaimer

The content of this promotion has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 (“the Act”). Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.

This promotion is exempt from the general restriction (in section 21 of the Act) on the communication of invitations or inducements to engage in investment activity on the ground that it is made by Estateeducation Ventures limited t/a JaeVee as an ...

# Disclaimer (continued)

...appointed representative of Prosper Capital LLP and is made only to (i) high net worth companies under the Financial Services and Markets Act (Financial Promotions) Order 2005, (ii) certified high net worth individuals, (iii) certified sophisticated investors, (iv) self-certified sophisticated investors and (v) restricted investors as defined in COBS 4.7.9 of the Financial Conduct Authority handbook (hereinafter referred to as the FCA Handbook). Persons who do not fall into one of those categories should not act on it.

# Disclaimer (continued)

If you are in any doubt about the investment to which this promotion relates you should consult a person authorised by the Financial Conduct Authority who specialises in advising on investments of the kind detailed in this promotion.



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[www.jaevee.co.uk](http://www.jaevee.co.uk)

# High Net Worth Companies, Unincorporated Associations etc

This means:

- a. Any body corporate which has, or which is a member of the same group as an undertaking which has, a called-up share capital or net assets of not less than:
  - i. If the body corporate has more than 20 members or is a subsidiary undertaking of an undertaking which has more than 20 members, £500,000;
  - ii. Otherwise, £5 million; or

# High Net Worth Companies, Unincorporated Associations etc

- b. Any unincorporated association or partnership which has net assets of not less than £5 million; or
- c. The trustee of a high value trust, being a trust where the aggregate value of the cash and investments which form part of the trust's assets (before deducting the amount of its liabilities)
  - i. Is £10 million or more; or
  - ii. Has been £10 million or more at any time during the year immediately preceding the date on which this communication is made; or

# High Net Worth Companies, Unincorporated Associations etc

- d. Any person ("A") whilst acting in the capacity of director, officer or employee of a person ("B") falling within any of sub-paragraphs (a) to (c) where A's responsibilities, when acting in that capacity, involve him in B's engaging in investment activity.

# Certified High Net Worth Individuals

A certified high net worth individual is an individual who has signed, within the period of twelve months before the date of delivery of this promotion, a statement in a form prescribed under COBS 4.7.9 of the FCA Handbook and which confirmed that at least one of the following applied to the individual:

- a. They had, during the financial year immediately preceding the date of the certificate, an annual income of £100,000 or more;
- b. They held, throughout the financial year immediately preceding the date of the certificate, net assets to the value of £250,000 or more, net assets for these purposes not including:

# Certified High Net Worth Individuals

- i. The property which was their primary residence or any loan secured on that residence;
- ii. Any rights of theirs under a qualifying contract of insurance within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; or
- iii. Any benefits (in the form of pensions or otherwise) which were payable on the termination of their service or on their death or retirement and to which they (or their dependants were), or may have been entitled.

# Certified High Net Worth Individuals

- iv. Any withdrawals from their pension savings (except where the withdrawals are used directly for income in retirement).

# Certified Sophisticated Investors

A certified sophisticated investor is a person who:

- a. Has a current certificate in writing or other legible form signed by a person authorised by the Financial Conduct Authority to the effect that he or she is sufficiently knowledgeable to understand the risks associated with investments of the type detailed in this promotion; and
- b. Has signed, within the period of twelve months before the date of receiving this promotion a statement in a form prescribed under COBS 4.7.9 of the FCA Handbook and which confirmed that he or she qualifies as a sophisticated investor in relation to investments of the type detailed in this promotion.

# Self-Certified Sophisticated Investors

A self-certified sophisticated investor is an individual who has signed, within the period of twelve months before the date of delivery of this promotion, a statement in a form prescribed under COBS 4.7.9 of the FCA Handbook and which confirmed that at least one of the following applied to the individual:

- a. They were a member of a network or syndicate of business angels and had been so for at least the last six months prior to the date of the certificate;
- b. They had made more than one investment in an unlisted company in the two years prior to the date of the certificate;

# Self-Certified Sophisticated Investors

- c. They were working, or had worked in the two years prior to the date of the certificate, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises;
- d. They were then, or had been in the two years prior to the date of the certificate, a director of a company with an annual turnover of at least £1 million.

# Restricted Investors

A certified restricted investor is an individual who has signed, within the period of twelve months before the date of delivery of this position, a statement in a form prescribed under COBS 4.7.10 in the FCA Handbook and which confirmed that

- a) In the twelve months preceding the date of the statement they had not invested more than 10% of their net assets in non-readily realisable securities; and
- b) Undertakes that in the following twelve months, they will not invest more than 10% of their net assets in non-readily realisable securities

# Restricted Investors

Net assets for these purposes do not include:

- i. the property which was their primary residence or any loan secured on that residence;
- ii. any rights of theirs under a qualifying contract of insurance;
- iii. any benefits (in the form of pensions or otherwise) which are payable on the termination of their service or on their death or retirement and to which they (or their dependants were) or may have been entitled;

# Restricted Investors

- iv. any withdrawals from their pension savings (except where the withdrawals are used directly for income in retirement.

# Risk Warning

## Loss of Capital

Property prices can go down as well as up. You may not get back what you put in if property prices fall. You should not invest more money than you can afford to lose without altering your standard of living.

## Illiquidity

Investments in property are highly illiquid. You are unlikely to be able to sell your shares and must be prepared to hold your investment for the full term.

# Risk Warning (continued)

## Rarity of Dividends

If a property receives rent, this will be paid to investors as a dividend after deducting fees, costs and expenses. However, if a property does not produce rent, or if the rent is not enough to cover these costs and expenses no dividends will be paid to shareholders.

## Diversification

Investing in property and unlisted shares should only be done as part of a diversified portfolio. You should only invest a small proportion of your investable capital in startups as an asset class with the majority of your investable capital invested in safer, more liquid assets.

# Risk Warning (continued)

## Tax

You will be responsible for the payment of your own tax, which may include capital gains and/or income tax. JaeVee does not provide tax advice and you should seek independent tax advice before investing.

## Advice

JaeVee does not give investment advice. Investors should seek advice from independent professional advisers before making any investment.

# Risk Warning (continued)

## Past performance

Past performance is not a reliable indicator of future results. You should not rely on any past performance as a guarantee of future investment performance.

## Future performance

Any projections of future performance are based on the internal calculations and opinions of JaeVee and are subject to change at any time. Targets are not a reliable indicator of future results and should not be relied on.

# Risk Warning (continued)

## Financial Services Compensation Scheme

Issuing shares is not a regulated activity and investments are not covered by the Financial Services Compensation Scheme.

# Disclosure

The operator behind this project is Estateeducation. It's director is also a director of JaeVee.

Potential Conflict	Mitigating Factors	Controls
The owner of the operator is the CEO of JaeVee.	Alignment of interests	Matters requiring consent on the Shareholders Agreement is set at 81% so the investors can't be outvoted by the other parties (Developer/JaeVee).

# The Investment

# The Investment

An investment opportunity has arisen to invest in Number 10 The Abbey in Wymondham, Norfolk which is home to 20 serviced apartments with an onsite concierge and gym.

<https://number10theabbey.co.uk/>



# The Investment

- Number 10 The Abbey has been in operation for 12+ months and is currently generating around £336,000 per annum since opening in November 2017.
- JaeVee has acquired the asset for £2,038,200 with the developer, Estateeducation, remaining involved holding 40% shareholding in order to continue operating the business.
- With the developer remaining involved, it enables us to buy the existing SPV that owns the property so the acquisition is via the sale and purchase of ordinary shares. This allows the acquisition to benefit from a transfer of a going concern. Holding shares provides investors with shareholders rights and protection of owning part of the asset.

# The Investment

- The total share capital of the SPV will be £1,533,000 therefore making the share price as £15,330 per share.
- The share price is based on the acquisition cost of £2,038,200.
- The acquisition has been supported by a commercial mortgage from Hampshire Trust Bank, which has already completed.
- The purpose of this purchase is to benefit from an income producing asset with a possible capital gain when disposing of the asset in 48 months time.
- The strategy is to hold onto the property for 48 months (whilst benefiting from quarterly dividends) and increase the current income being generated thus enabling a forecasted sale of £2,500,000.

# About The Property

# The Investment

- As investors into this property hold equity (shares in the SPV that owns the property), they will benefit from both the quarterly dividends and any capital gains.
- The total equity required for this investment is £613,200 which buys investors 40% of the shares SPV. Should an investor wish to invest a lesser amount, then the shares are prorated accordingly.
- The forecasted rental yield per annum is 10.9%, with the aim to increase to over 12% over the term.
- The rental yield is paid quarterly via dividends into your MangoPay e-wallet.

# Exit Strategy (A)

The preferred exit strategy is to sell the shares of the property and serviced accommodation business in 60 months time for £2,500,000 to another operator.

## Forecasted Capital Gain

Selling Price	£2,500,000.00
Purchase Costs	£2,038,200.00
Selling Costs	£25,000.00
Net Profit	£436,800
Investor Share	£174,720
Forecasted Investor ROI	34.95%
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# Exit Strategy (A)

- As our strategy is to sell the shares (rather than the entity), returns would be liable to just capital gains tax rather corporation tax as well (at the time of writing this memorandum).
- Should we be successful in achieving said amount, it would result in a potential capital gain on capital of 34.95% which is net of current selling costs.
- There is no restriction or early redemption charges on selling your shares at any point within the 60 month term to a third party. So in essence, you could exit the investment earlier if you have a willing buyer for your shares.

# Exit Strategy (B)

- Should we not be successful (for example the market conditions may not be ideal at the time of sale) then all shareholders would vote to extend the let and hold period.
- 81% of shareholders would be required in order to pass the majority and activate any extension of the period.
- In the event of an extension, all shareholders would continue to benefit from quarterly dividends.

# Protection

- Protection is offered via owning shares in the SPV that owns the property with control secured by having shareholders rights.  
Matters requiring consent is set at 81%.
- Upon investing into the project (via MangoPay), investors will enter into a shareholders agreement which will detail the matters requiring consent.
- As we've purchased both a property (bricks & mortar) and a serviced apartment business this would be deemed as an asset backed investment.

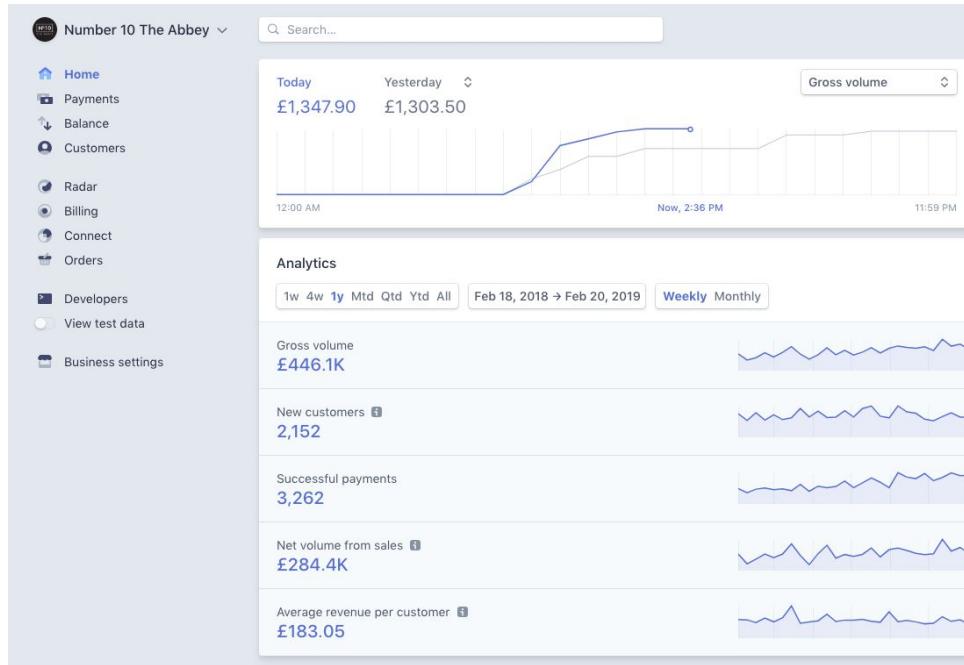
# Monitoring Your Investment

- You're able to monitor your investment via your JaeVee investor account within the 'My Portfolio' dashboard.
- The management accounts (profit & loss) and balance sheet will be available for download every quarter.
- The dashboard will show the dividend payment due to you which will be deposited into your MangoPay e-wallet from the SPV bank account.
- These accounts are prepared and compiled by Aston Shaw Accountants <https://www.astonshaw.co.uk/>.

# Receiving Dividend Payments

- The dividend payments due to you will be deposited every quarter into your MangoPay e-wallet from the SPV bank account.
- The dividend payment will be net of corporation tax as detailed within the management accounts.
- Once in your MangoPay e-wallet, you can withdraw it, or invest into another property.

# Revenue Performance



This a screenshot from Stripe, the payment software Number 10 The Abbey uses, which shows the gross payments collected between February 18th 2018 to Feb 20th as £446,100.

Please note, past performance is not a reliable indicator on future performance.

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# Revenue Performance

- The gross deposit is higher than the gross income because No.10 The Abbey charges a damage deposit each time a guest rents an apartment.
- This is to protect all the furnishings as the apartments come fully equipped.
- Some online travel agents like AirBnb and HomeAway collect the payments from the guests and deposit the funds in the SPV on the day of check in hence the income from those bookings will not show on the Stripe payments dashboard.

# Property Overview

Situated just a few miles from the heart of Norwich City Centre, Number 10 The Abbey is a home away from home perfectly suited to the modern business traveler and holiday maker alike.

It's located in Wymondham which is ideally located just off the A11 which makes it a prime spot for corporate travelers.

Wymondham benefits from a train station with regular services to London.



[6]

# Property Photos



# Operational Structure

- Number 10 The Abbey is operated by an onsite concierge desk. This desk is covered by two employees employed by the operator who undertaken alternative shift patterns to ensure there is a presence 7 days per week (from 8.30 am to 4.30 pm).
- The housekeepers are employed on a self-employed basis paid £10 per apartment clean.
- The laundry is cleaned twice per week off site at a local laundrettes.
- The maintenance is managed on an adhoc basis with a maintenance log.

# Revenue Generation

- The revenue to Number 10 The Abbey is generated by business travelers, tourists, and relocators.
- The prices per night are dynamic. For example, there is more demand from corporates for Tuesday and Wednesday nights than Sunday and Mondays. As a result, Number 10 The Abbey charges more for Tuesday and Wednesday nights.
- Sunday to Thursday business is known as the Corporate business so prices are aligned with local Holiday Inn's.
- Friday to Saturday business is known as the tourist business hence prices are aligned with destination venues such as Park Farm.
- Single, double and king size beds cater for all demands.

**The East (Norfolk and Suffolk) contributes over £35 billion to the UK economy and since 2010 has grown by 9%, outstripping many ‘powerhouse’ areas.**

# Economy of the East



The home of the UK's **largest** container port at Felixstowe handling around **40%** of the UK's container trade



The home of Norwich International Airport connecting to **322** global destinations, via Amsterdam-Schiphol, just a 55 minute flight away



The home of the UK's All Energy Coast contributing **£35 billion** to UK plc across offshore renewables, oil, gas, nuclear, solar and a range of alternative energy technologies



The home of fast growth urban centres including Ipswich and Norwich, listed in the **top five** fastest growing city economies in the UK in the 2018 UK Powerhouse Study



The home of British Horse Racing at Newmarket with an annual **£240 million** of economic impact



The home of the University of East Anglia, Norwich University of the Arts and the University of Suffolk



The home of two of the largest multi-site Enterprise Zones in the country with a total development area of over **250 hectares**



The home of BT's Global Research and Development HQ and 100+ tech businesses near Ipswich creating **£750 million** of GVA

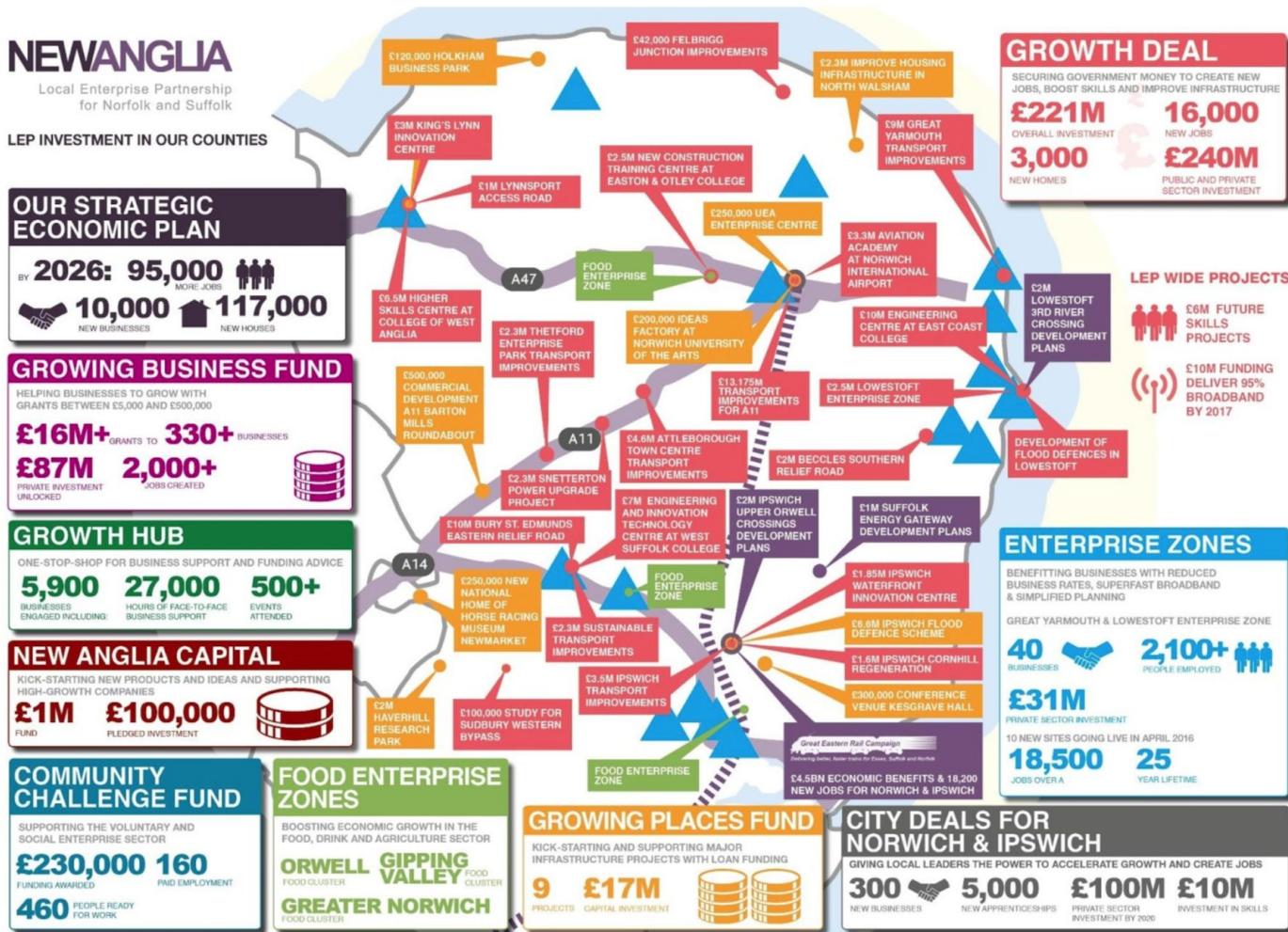


The home of **Lotus Cars** at Hethel, one of world's best loved specialist sports car brands



The home of the Cambridge-Norwich Tech Corridor with a **£27 billion** economy and science and research jobs increasing by 40% in 8 years

# New Anglia LEP Investment



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# £221.5m Government Investment

New Anglia LEP total Growth Deal from Government is £221.5m to 2021. It is forecast to create up to 16,000 new jobs, 3,000 new homes and the potential to generate an additional £240m public and private investment <https://newanglia.co.uk/>.

In January 2015, New Anglia LEP was awarded £48.5m with aviation, engineering and innovation at the heart of the government funding. The latest round of funding will deliver up to 2,000 new jobs and 750 homes in the area by 2021.

# £221.5m Government Investment (continued)

The funding included £3m for the development of the Aviation academy at Norwich International Airport which will support 80 apprenticeships every year as well as further and higher education courses in all aspects of the aviation industry.

# £221.5m Government Investment

New Anglia have identified all the places in our area that host high impact sector activity and are expected to grow by 1,000 jobs and 1,000 dwellings over the relevant Local Plan period. These areas include:

- Greater Norwich which can build on their City deals and include all high impact sectors.
- Lowestoft and Great Yarmouth, which are designated a Centre for Offshore Renewables, have an Enterprise Zone and are to be an assisted area.
- Kings Lynn and Downham Market.
- Fakenham and Wells in North Norfolk, which is becoming a service base for North Sea energy.<sup>[11]</sup>

# £221.5m Government Investment

In population terms, Norwich is among the ten fastest growing urban centres in the country enabling them to achieve Wave 2 City Deals.

The Greater Norwich City Deal was approved in December 2013 and covers Norwich City Council, South Norfolk District Council and Broadland District Council. The deal includes proposals to generate £100 million of private investment, support 300 new businesses and create 19,000 jobs.

# About The Operator

# The Operator

- The operator behind this investment opportunity is Estateeducation, a property developer with a pipeline of £50m.
- The owner of Estateeducation is the founder of JaeVee.
- The operator was the developer behind the heavy refurbishment of this property resulting in what it is valued as today.
- The operator has another site in central Norwich, called No.82 The Unthank with other sites planned under the 'Number' brand.

# Operator and Developer's Experience

# About The Developer

The developer, **Estateeducation**, whom are based in Norfolk, has over 15 years of property development experience with various developments underway in East Anglia.

**Marchants Place** - 9 residential dwellings within a Grade II statutory listed building.

**Narrows Place** - 25 residential dwellings to be sold on the open market.



# About The Developer (continued)

Burlingtons Place - 26 residential dwellings to be sold on the open market.

The District - Purpose-built build to rent scheme to young working professionals.

White & Sterling Retirement Living at Heath House - 17 retirement apartments with onsite 24/7 care.



# About The Developer (continued)

Number 10 The Abbey - 20 serviced apartments with an onsite concierge and gym.



Number 82 The Unthank - 19 serviced apartments with an onsite concierge and gym.



Freedman - Purpose-built student block under the brand Velocity Student.

# Floor Plans



Proposed Ground Floor

Number 10 The Abbey, Wymondham





Proposed Second Floor

Number 10 The Abbey, Wymondham

# Unit Breakdown

# Unit Breakdown

The 20 x serviced apartments are named after the top 20 tourist destinations in Norfolk.

- The Muckleburgh
- Felbrigg Hall
- Norwich Cathedral
- Scroby Sands
- Walsingham Abbey
- Welney Wetland
- Henry Blogg Museum
- Blickling Hall
- Holt Country Park
- Poppy Line
- The City
- Fairhaven Woodland
- Titchwell Marsh
- Oxburgh Hall
- Shirehall Museum
- Strumpshaw Fen
- Wymondham Abbey
- Pensthorpe Gardens
- Merrivale
- Castle Acre

# The Market

# The Market

Norfolk is known for its rolling countryside and unspoilt beaches. It also boasts a popular shopping, art and food scene with cities like Norwich attracting thousands of visitors each day.

The economy is supported by three main sectors - Agricultural, Public Sector and Tourism. In 2010, agriculture, forestry and fishing enterprises made up 11% of all VAT and PAYE registered enterprises in Norfolk.

A lot of the economy is based on the tourism sector and Norwich Airport see many overseas tourists being brought directly to Norwich. The number of day visitors in 2018 to the region was an estimated 40,933,000 with 3,058,000 overnight stays as well.

# The Market

The most significant sector in Norfolk, in employment terms, is the Public Sector (public administration, defence, education and health), which in September 2010 employed 29.5% of the working population. The keystone of Norfolk's economy is the tourism industry.

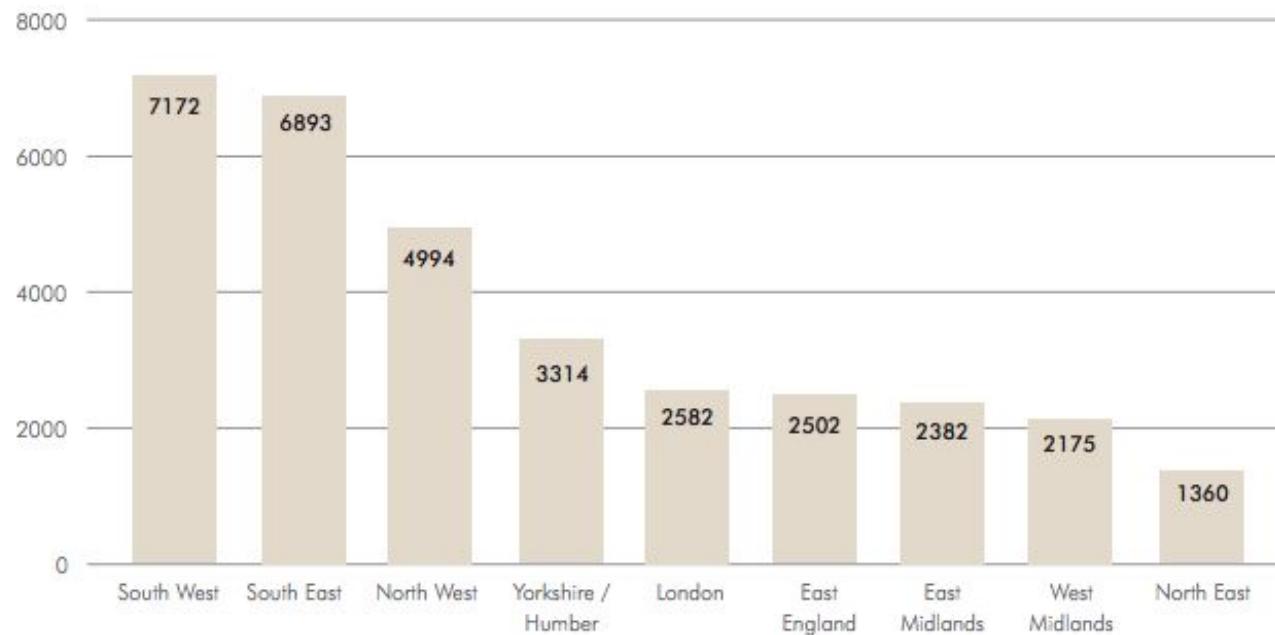
Tourism is the largest sector industry in the County, supporting some 63,515 jobs (17.9% of all employment) and contributing £3.151 billion to the local economy every year. The number of day visitors in 2017 to the region was an estimated 40,933,000 with 3,058,000 overnight stays, collectively staying a total of 12,339,000 nights.

# The Market (continued)

The graph on the following page shows the number of serviced accommodation establishments in England, by Region. The East of England is relatively low, thus meaning Number 10 The Abbey does not have too many competitors to compete with.

# The Market

**Number of serviced accommodation establishments in England in 2016, by region**



# The Market

Norwich Airport allows many overseas tourists to travel directly to Norwich. Over the last few years, the number of passengers has risen, indicating a growth in tourism in the area. They aim to increase passenger numbers to 930,000 by 2030.

**Annual Passengers - Norwich Airport**

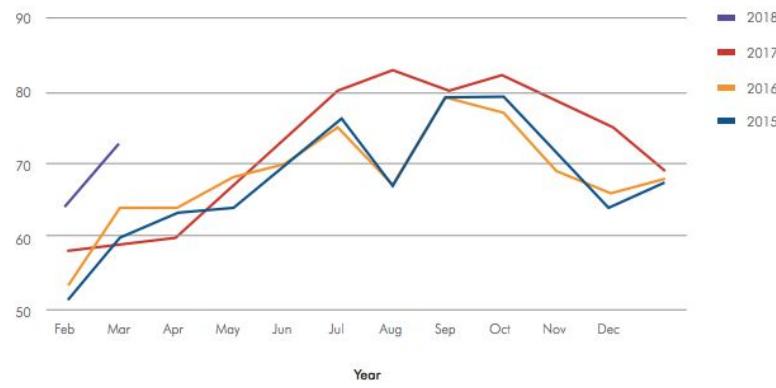


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# The Market

Nationally, Serviced Accommodation rates in the latest January 2018 Visit England Report have found that since last year, occupancy rates have increased by 1% and the demand for rooms have increased by 2.5%. Small town rooms in particular, had occupancy increase of +1% to 58%. Over the last 3 years, the average occupancy rate in the East Of England has increased by 1%, showing a healthy and steady growth.

Occupancy Rates in Serviced Accommodation Units in East England (2015 - 2018)



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# Employment



# Competitor Analysis

# Park Farm

Wymondham

## Observations

- More expensive
- Dated
- Different concept



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# Holiday Inn

Ipswich Rd, Norwich

## Observations

- Similar pricing
- Cheap furnishings
- Not a destination venue



# Holiday Inn

City Center, Norwich

## Observations

- More expensive
- Cheap furnishings
- Different concept



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# Competitor Analysis Summary

Whilst each competitor has its own concept and appeal, Number 10 The Abbey is unique in that it's been the only purpose built serviced apartment block in Norfolk.

With the opening of Number 82 The Unthank, it is considered that Number 10 The Abbey will benefit from the overflow bookings for those unable to reserve.

This is achieved by both Concierge desks being able to book apartments in either block using Inn-Style property management system <https://www.innstyle.co.uk/>.

# Purchase Structure

# Purchase Structure

The property is being purchased by acquiring the existing SPV, known as Wymondham Abbey Project Ltd.

This helps to keep stamp duty low as it's considered a transfer of a going concern.

Upon investing, the existing share certificates of Wymondham Abbey Project Ltd will be surrendered with new share certificates being issued by Rogers & Norton solicitors <https://rogers-norton.co.uk/>, whom will handle the legal process from start to finish.

## Further Information

This memorandum was generated on 18/02/2019 and put together by the team at **JaeVee**.

For more information about this opportunity, please call **0300 124 5211** or send an email to [matt.mason@jaevee.co.uk](mailto:matt.mason@jaevee.co.uk).



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