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# Rudolf Wolff ShoalCap H&HP Fund

Sub fund of Rudolf Wolff Investments Limited

OCTOBER 2023



# INTRODUCTION

Rudolf Wolff (“RW”) has established the Rudolf Wolff ShoalCap H&HP Fund (the “Fund”) to invest in a select portfolio of UK holiday park and residential home park assets exhibiting significant growth potential. The Fund gives investors exposure to some of the UK’s most exciting leisure property and park home development opportunities. All of the initial and pipeline projects proposed for the portfolio have demonstrated the potential for significant capital and income growth, via planning gains and the development of targeted sites. Target acquisitions will typically have an existing revenue base and decent profitability with a clear projected journey via improved planning positions, restructuring, aggregation and development through to significant value and income gains within a secured environment.

The unusually high profit levels that are achievable in the Holiday and Home Park sectors are in part due to the planning gains that can be achieved and the off-site construction methodology. The accommodation units that are permitted as mobile home compliant units can be up to 20m x 6.8m and arrive on site fully pre-fabricated in up to four sections and simply need assembly on site. This means that the on-site development is limited to ground works, infrastructure and landscaping which substantially reduces the timeline to completion which in turn drives the increased profit margins. Mobile home compliant lodges range considerably in quality and design and at the premium end these units are almost unrecognisable from a contemporary structure built under building regulations. The combination of planning gains on land values and the speed of execution for holiday and home park developments facilitates profit levels unachievable in traditional property developments.



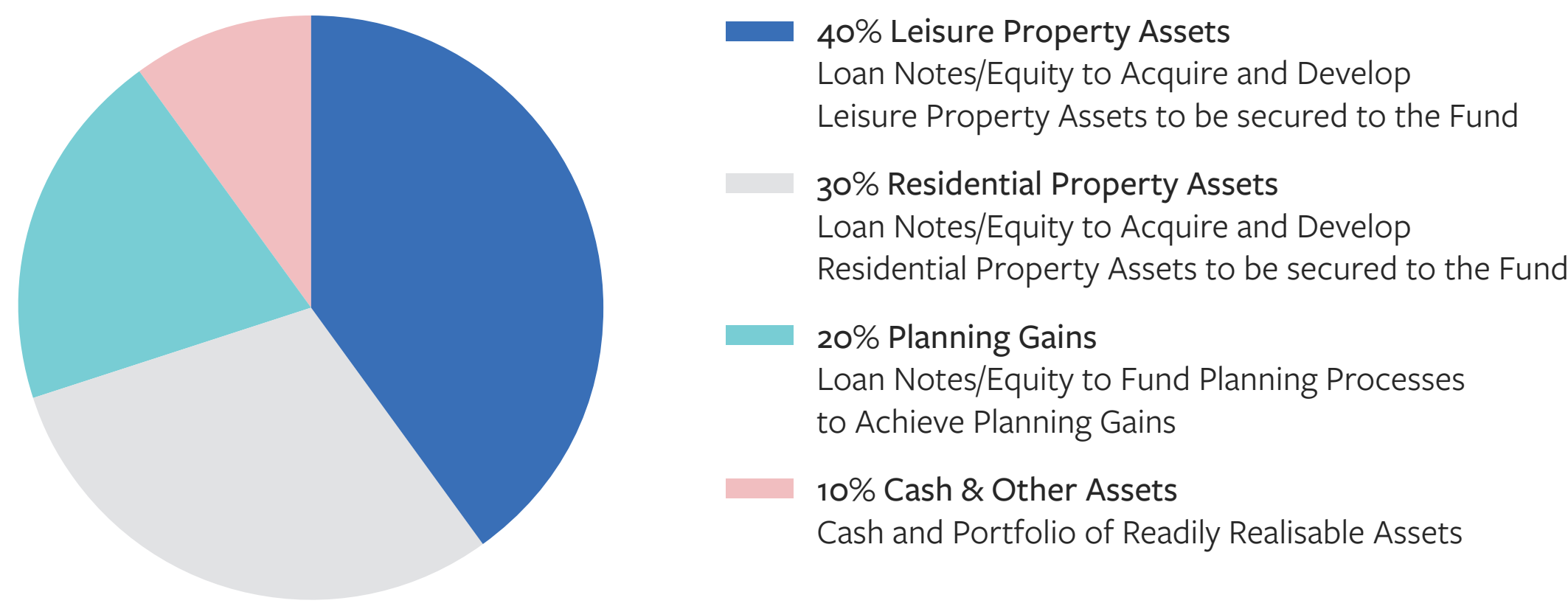


# FUND AIM

The fund aims to deliver a Fixed Return and Capital Security over a three or four-year term depending on the share class, through a combination of direct equity investment in a carefully selected range of companies that are active in the UK holiday and home park sectors and loans secured against the underlying assets. To underpin this fixed return each opportunity will have a target exit multiple of between 2 x and 3 x of the Acquisition and Development Capital.

# PORTFOLIO COMPOSITION

The Fund’s portfolio will consist of equity holdings in developers and operators of both UK holiday parks and residential park home sites as well as Loan Notes or preference share investments in each entity. Within the portfolio some assets will be acquired to build on existing EBITDA via development, re-structuring and re-branding with the exit by means of a sale of a group of sites, operated under a common brand. This would be the case for many of the holiday park assets acquired. Other assets will be acquired to develop and to sell all the individual accommodation units, leaving the freehold land and right to the annual indexed pitch fees within the entity, having already generated significant profits on the accommodation unit sales. This latter model would be the case for all residential sites acquired and some of the holiday park sites. These business models assume that planning is in place to execute upon purchase. The fund may authorise investment in companies where the activity is to take option agreements on land and carry out planning processes to create planning gains between green or brown field sites, or existing leisure parks to develop further or switch to a more profitable residential use.







# Investment Strategy

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# ACQUISITION OF LEISURE HOLIDAY PARK ASSETS

The Fund aims to invest in carefully selected sites with leisure use to be expanded and developed as continued holiday park sites, typically with expansion potential through planning that is already in place and/or new planning processes. Revenue, profit and hence value growth will also be achieved via the acquisition and development of neighbouring properties and the replacement of existing accommodation units with upgraded, larger units. Depending on specific sites the model may be to retain all units to build rental revenue and hence EBITDA, in other instances the business model may be to sell all accommodation units to third party owners, albeit with the right to sublet via the park operator and some may have a mixture of unit sales and rental fleet.



## SECTOR ANALYSIS - HOLIDAY PARK SITES

- Following a phenomenal 2021 and 2022 in terms of trade, the 2023 season has seen some slight levelling off in transactions across the industry. However there remains a strong interest in the holiday park sector and in particular, new and existing investors to the industry will continue to be acquisitive for the right opportunity.
- There is likely to be an increase in yields generally as the cost of borrowing increases leading to some price downturn in the market and there is not expected to be a major fall in the market, more a realignment to take into consideration new levels of profitability and the increased costs of borrowing.
- With some relaxation in the planning regime or at least recognition of the importance of the sector to local economies, there have been an increasing number of successful planning applications for further development and/or more valuable use of land within the sector.
- There is generally very little in the market at the present time and an increasing number of transactions are being carried out on a confidential basis, 'off market'.
- Touring parks, which are well located and capable of redevelopment with lodges or park homes, are likely to remain in demand.



# ACQUISITION OF RESIDENTIAL PARK HOMES ASSETS

The Fund aims to invest in carefully selected sites that either have existing residential park home use or perhaps have unspecified/unlimited use but are currently trading as a leisure site or are currently limited to holiday park use but could be evolved to a residential site through planning processes. For residential sites the business model would always be to acquire, develop and then market and sell all units on a site, realising the profit over a relatively short timescale. The main benefit of the accommodation being 'mobile home compliant' is that the units are manufactured off site and are simply assembled on site, with the timeline to develop and site accommodation units being massively reduced as compared to traditional build methods. Furthermore, with the use of high-quality CGI renders and animated 'walk throughs' the sales process commences before the development work is underway, enabling highly efficient supply chain management of the pre-build lodges which in turn significantly accelerates the timeline from acquisition to realisation of profit.

## SECTOR ANALYSIS - RESIDENTIAL PARK HOME SITES

- There has been some recent resistance in the market to pay the low yields which were being achieved earlier in the year. However, the residential park sector is likely to remain reasonably buoyant compared to historic times and the high level of inflation to which pitch fees are linked is likely to be seen as a haven for some with cash funds in the short term.
- Pitch fees income as opposed to new sales will become more important in a 'new' projected period as we enter a period of continued higher inflation. Exit yields, similarly driven by predicted increasing interest rates, are likely to continue to gradually increase.
- The value of development pitches on established parks is likely to broadly follow the housing market. It is expected that there will be a continuing trend of elderly people seeking to down-size from their family home and park homes provide a good solution to their requirements, representing the largest sector of the housing market currently building 'bungalows'. The question for some will be the ability to sell existing houses in a market which is currently being adversely affected by the increasing cost of borrowing. However the overall size of the retirement sector looking to downsize massively dwarfs the current availability of park home properties and hence a small contraction in demand will have a limited impact on the sector.
- Index linked pitch fees are likely to be favoured by the market and have increased in value as their security at this time has become more recognised in the market. Whilst inflation remains well ahead of receipts from 'money in the bank', prices are likely to remain reasonably strong.





*“We look to invest in property assets within the Holiday and Home Park Sectors, where significant research and off marketing purchasing has indicated the presence of significantly higher than sector average returns achievable via planning processes, site aggregation, development of existing planning permissions and re-branding/ re-positioning of existing businesses. Effectively this sector remains the investment world’s best kept secret and the hyper returns that are possible have enabled the launch of this high yielding fixed income, asset backed and capital secured fund.”*

PAUL CHADNEY  
RUDOLF WOLFF INVESTMENT MANAGER

INVESTMENT PROFILE

The Fund provides capital to acquire and develop exceptional property assets with validated planning and development processes that, based on tried and tested assumptions, will generate significant profits.

All property assets are directly secured to the fund, giving a fully asset backed investment opportunity. The value gains achieved by planning and development investment is also then immediately filtered through to the fund via formal property valuations, which are carried out quarterly, thereby increasing the value of assets secured to the fund.

Acquisition investment requirements are typically between £1m - £5m, with subsequent development investment requirements between £1m - £7m.

When investment is used to back existing, successful management teams and validated business models then funds will be provided to further scale these ventures.

TARGET CRITERIA

Pipeline sites should have the potential for significant revenue growth and/or expansion of the physical size of the site or number of units through investment, acquisitions of neighbouring land and existing planning or new planning processes.

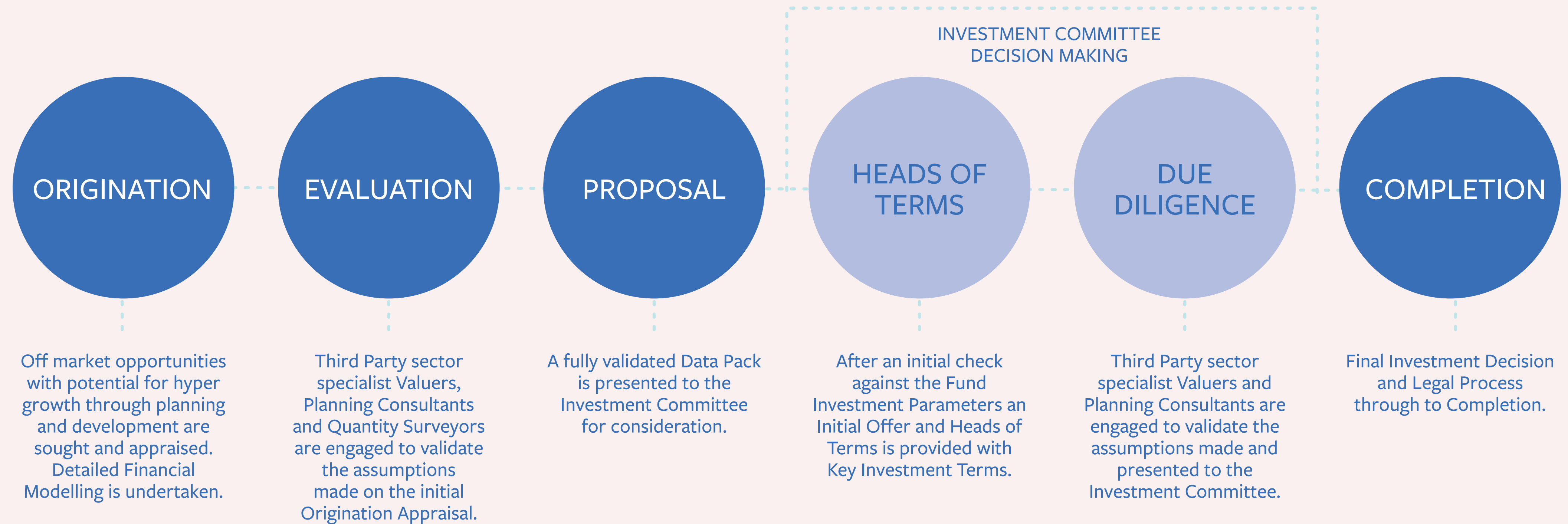
When the business model relies on planning processes, they must have a validated property value and a projected post planning and development valuation that meets the security and return criteria within a realistic timeline from acquisition to full development.

There should be standout elements to the site, current or proposed that can be built upon with further investment, this could be geography, outlook, features or facilities.

Target sites should ideally fit within one of the existing business model types being operated within Companies that have received investment from the Fund.



# Investment process





# DEAL ORIGINATION AND VALUATION APPROACH

The Investment Team have an extensive network of contacts throughout the industry and with sector specific planning consultants and property agents, which have been developed over many years. Working closely with this network and by outlining the required criteria and the profile of ideal sites this has enabled a series of initial cornerstone transactions to be sourced and readied for completion. Beyond these initial transactions a series of pipeline opportunities have been progressed some to Heads of Terms, others remain at an earlier Due Diligence stage.

Prior to submitting a formal proposal to the Investment Committee each potential pipeline opportunity goes through a rigorous internal due diligence, planning appraisal and financial modelling process before proceeding to the next stage of consideration. Thereafter third-party valuers and planning consultants are engaged to carry out formal red book valuations, (giving current and post planning development values) and detailed planning appraisals. These third-party reports are then presented to the investment committee along with the full due diligence pack and financial modelling.

In receipt of the full due diligence pack and third party reports the investment manager then carries out a thorough review and report on the proposal, either questioning the proposal or supporting it. Based on the outcomes of this final process and recommendations of the investment manager, the investment committee will either decline a proposal, request further data and validation or approve it to proceed to legal completion.





# INITIAL TRANSACTIONS

A diversified holiday and home park portfolio with outstanding income and growth potential that facilitates a high income and capital secure product. The following transactions are at an advanced stage with the legal processes, these are all ready and able to be concluded immediately subject to investment committee approval.

## Loch Lomond Waterfront (LLW)

Loch Lomond Waterfront is a unique site with 11 current, fully ‘building regulation’ built twin self-catering units, a reception, café and event space with over 100m of shorefront and ‘beach’ on Loch Lomond. Located on the east of the Loch just south of the charming town of Balmaha. The site has existing planning for a further seven twin units but the project plan is to seek revised planning permission for an enhanced scheme to include further accommodation and a revised layout for the café/ reception building. This acquisition also brings with it an established Head Office team able to run more than one site, hence the nearby Benview acquisition and development plan.

Site Value	£3,850,000
EBITDA on Purchase	£300,000
Development Budget	£2,000,000
Resultant EBITDA	£1,200,000
Resultant Value	£15,000,000
Investment Horizon	3-4 years

## Benview Lodge Park and Garden Centre

This site aggregates a number of separate titles, an existing small lodge park with unused overgrown coppice land, the owner’s home, stable block and 17 acres of pastures and the neighbouring garden centre and associated car park area. A positive pre-application with the Local Authority has indicated that a first phase of 25-30 units would be acceptable after demolishing of the existing buildings on the aggregated land. Further phases would see the 17-acre paddocks enable a further 75 – 90 units in 2-3 phases and hence the full long term valuation uplift.

Site Value	£3,000,000
EBITDA on Purchase	N/A
Development Budget	£19,000,000
Resultant EBITDA	£3,000,000
Resultant Value	£36,000,000
Investment Horizon	3-4 years

## Looe Country Park

Looe Country Park is a current touring caravan site with five existing static caravans which has just received planning permission to develop into 30 lodges in a stunning countryside location close to the South Cornwall seaside destinations of Seaton and Looe. The site includes some covenanted land which does not permit overnight accommodation and this land is to be used to provide enhanced owner facilities, such as a communal reading/work space, an unmanned gym space, raised beds for herb and fruit cultivation, a substantial outdoor kitchen, BBQ space all around a Natural Swimming Pond. The plans to create a well-designed, sustainable environment with premium, bespoke facilities is expected to provide a material boost to the lodge sales values and hence the profitability of this site.

Site Value	£2.9m
EBITDA on Purchase	N/A
Development Budget	£4.5m
Resultant EBITDA	N/A
Resultant Value	£13.5m
Investment Horizon	2-3 years





## FUND STRUCTURE

The Rudolf Wolff ShoalCap H&HP Fund (the “Fund”) is a segregated Account of Rudolf Wolff Investments Limited. Rudolf Wolff Investments Limited is an open-ended investment fund incorporated as an exempted company in Bermuda on 7th October 2016 with registered number 51916. The Company is structured and registered as a segregated accounts company with the power to create one or more segregated accounts (“Accounts”) in order to segregate the assets and liabilities related to a particular Account from the assets and liabilities relating to each other Account of the Company, and from the Company’s general assets and liabilities.



# INVESTMENT TEAM

The investment process is split into an initial origination and proposal process (which includes validation of the data and assumptions relied upon in the modelling) followed by an investment committee approval process, which tests the assumptions further via the use of third-party due diligence consultants, valuers and planning consultants. Assuming that the investment being proposed by the origination team is found to meet the scheme parameters via the stringent due diligence carried out by the investment committee then the investment will proceed to legal completion. Rudolf Wolff Limited (the “Investment Manager”), has been appointed as the Fund’s investment manager and is also the sponsor of the Fund. For the purposes of financial services regulation, Rudolf Wolff Limited is authorized and regulated by the FCA (under FCA number 468022). It was incorporated in England and Wales in 1998 with registered number 03504633. The Investment Managers Executive Directors are Peter Phelps and (John) Howard Colvin and the firm is privately owned, principally by members of its day-to-day management and related parties. All of the Manager Shares of the Fund are owned by the Investment Manager / Fund Sponsor which is responsible for the initial and continuing marketing of the Fund.

**Paul Chadney** has been involved in the Holiday & Home Park Sector for 25 years since renting a house on Pencnwc Holiday Park in 1998 whilst a Relationship Manager with Barclays Bank. He went on to create the Barclays Holiday & Home Park Team in 2003 taking sector debt towards the £1bn exposure level and leading a team of 19 specialists across England, Scotland and Wales primarily in the SME and Mid Corporate Market.

In 2006, whilst at Barclays, Paul purchased a holiday park on Dartmoor which was subsequently sold successfully in 2008 after securing trading and planning uplift. After 23 years at Barclays, Paul moved on to Clydesdale Yorkshire Bank in 2010 to fulfil a similar role which provided a greater understanding of the park market in the North of England and throughout Scotland. In 2012 Paul left the Banking sector to join Parklife Group which grew to 47 residential parks across England as Director of Mergers & Acquisitions. During this time observing a Group Holiday Park business in operation on a day-to-day basis proved invaluable in expanding Paul’s depth of knowledge and expertise in the sector.

Following a stint at Santander in a Business Development Role, Paul joined Together Money in 2015 where he gained huge experience of working in a dynamic, volume-driven lending role which prided itself in empowerment of its employees. Harnessing the can-do spirit of Together Paul decided to form Capisce Finance and to become a commercial finance broker in 2017. Within a month of creating Capisce the first holiday park purchase was completed and since then the business has assisted in over £175m of transactional park finance. The role has developed a consultancy arm, JV involvement and has evolved to assist park buyers along the full plethora of legal, planning, valuation and funding options. But at its’ heart Capisce works with lenders to provide acquisition, development and restructuring funding, secured on park freehold assets, to a wide range of companies.



# Form & Fern

The initial project pipeline has been originated and progressed to completion by Form & Fern Limited, a newly formed sector specialist developer of holiday and home parks, with an extensive network and ability to source off market opportunities. Form & Fern has assembled a vastly experienced Board of Directors to execute the business plans of these initial acquisitions with an emphasis on sustainability, the natural environment and architectural excellence.

**Andrew Green** is a seasoned Leisure Sector and Hospitality Entrepreneur, generally taking Managing Director or Commercial Director roles after an initial background in Financial Services. With experience ranging from Children's Nurseries, Agri-Tech, Quick Service Restaurants, Automotive and Holiday Parks, Andrew has wide ranging corporate expertise. Whilst having worked in various sectors, the emphasis has generally been within Hospitality and Leisure, using the same skills in strategy, branding, team building and fund raising to achieve scale in the respective business.

Before forming a children's nursery chain in 2013, from which he has now exited, Andrew was the Commercial Director at Euphorium Bakery from 2007 to 2013 and was responsible for Strategy, the overall Commerciality of the business and for Operations. Over this period Andrew assisted the Founder in the expansion of Euphorium Bakery from three initial bakery cafes to an estate of seven high street locations and a substantial roll out within Tesco supermarkets before a subsequent exit of the business for over £7m to Tesco Plc in 2013. Prior to that Andrew was the Managing Director of Charles Pemberton Ltd, Independent Financial Advisers, between 2002 and 2005, which came at the end of a 13-year career in Financial Services before leaving the industry after a road traffic accident in 2005.

More recently Andrew has been fully focussed on the UK Holiday Park sector, working on a Consultancy basis between September, 2021 and January, 2023 to raise significant funds for an experienced management team to acquire UK Holiday Park acquisition and development opportunities. In April, 2022 that project received a term sheet for over £60m equity investment as the result of Andrew's fund-raising activities and as of June, 2023 funds of over £20m have been drawn down for acquisition and development purposes.





**Emma Wilson** is a seasoned professional with over a decade of experience in the built environment sector. She has held key positions at Pareto FM, including Facilities Manager, Lifecycle Project Manager, and Social Impact Director. She is a champion of Environmental, Social and Governance (ESG) practices and has spearheaded sustainability initiatives, community-based projects, and team member involvement in community initiatives.

Emma is committed to enacting positive change within the leisure property sector and believes in its capacity to offer a quality, affordable way for people to enjoy their leisure time. She is keen to invest in businesses that contribute positively and socially to the sector. Emma's industry experience extends beyond the leisure property market to include managing commercial buildings, residential developments, and infrastructure projects. This broad exposure to the built environment sector has given her a comprehensive understanding of its challenges and opportunities.

With her proven skills and experience, Emma is equipped to manage and optimise a portfolio of leisure properties, committed to making a positive and lasting impact on the leisure property sector. Her addition to our team represents a valuable asset for our continued success in UK Holiday Park investments.

**Mark Anthonisz** qualified as a Chartered Accountant in 1992 having trained with the Central London practice, Blick Rothenberg. Equipped with a broad range of accounting experience Mark moved to Ian Anthonisz & Co. where he soon became a partner, servicing clients from a diverse spectrum of small to medium sized enterprises.

In 1998 Mark pursued his own consultancy business focussing on providing commercial accounting and management services to entrepreneurial companies, working closely with business owners to help develop and expand their businesses. During this period he gained extensive practical knowledge and experience of strategic planning and financial management.

In 2002 Mark took up a Finance Director role in parallel with his accountancy and consultancy business activities, assisting in growing a small group of Independent Financial Advisers, before moving on to fulfil similar Finance Director roles over the last 20+ years within various sectors from Estate Agency and recruitment, to restaurants and construction, overseeing the growth and expansion of these ventures through to trade sales and in many instances navigating through complex and challenging scenarios to fully optimise the owners outcomes. Mark has always had an involvement with the property sector and has built a sizable property portfolio which he continues to actively manage.



## Form & Fern



**Nicholas Goss** is an experienced finance specialist with over 15 years experience in underwriting, structuring, negotiating, and executing transactions across the Real Estate and SME corporate sectors, from an Equity/Sponsor side having recently raised £50m of capital for an established lender in the bridging space.

Nicholas has a strong emphasis on the financial due diligence and structuring with a focus on Financial Modelling – having extensive experience in building, auditing and restructuring everything from snapshot development appraisals, full development & investment models, fund models, corporate projections, integrated portfolio models, to 25-year PFI models.

His previous roles have led to Nicholas being experienced and practiced in managing stakeholder interactions such as senior management, debt funders, equity investors, brokers, joint venture partners, sponsors, and professional parties. Furthermore, he is also proficient in negotiating commercial and legal contracts such as, heads of terms, facility agreements, shareholder agreements, development agreements, building contracts, appointments, warranties and novations.



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## Risk Considerations

All investments risk the loss of capital. Investments in private entities such as those held by the Fund which are not listed on any exchange and where there is no market price available carry a much higher degree of risk compared to many other types of packaged investments. No guarantee or representation is made that the Fund will achieve its investment objectives. An investment in the Fund should form only a part of a complete investment program and an investor must be able to bear the loss of its entire investment. In addition, prospective investors should consult their own tax advisers regarding the potential tax consequences of the Fund's activities and investments. This document should not be considered as constituting legal, taxation or investment advice.

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