

PROSPECTUS DATED 1 NOVEMBER 2017



Golden Lane Housing

Housing you can build your life around

Golden Lane Housing Ltd

3.9 per cent. Bonds due 23 November 2027 (including Retained Bonds)

Issued by Retail Charity Bonds PLC

secured on a loan to Golden Lane Housing Ltd

MANAGER

PEEL HUNT

Peel Hunt LLP

SERVICER



Allia Impact Finance Ltd.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS. YOU SHOULD HAVE REGARD TO THE FACTORS DESCRIBED IN SECTION 2 (“*RISK FACTORS*”) OF THIS PROSPECTUS. YOU SHOULD ALSO READ CAREFULLY SECTION 11 (“*IMPORTANT LEGAL INFORMATION*”).

IMPORTANT NOTICES

About this document

This document (the “**Prospectus**”) has been prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”) and relates to the offer by Retail Charity Bonds PLC (the “**Issuer**”) of its sterling denominated 3.9 per cent. Bonds due 23 November 2027 (the “**Bonds**”) at 100 per cent. of their nominal amount. Certain of the Bonds will immediately be purchased by the Issuer on the Issue Date (the “**Retained Bonds**”). The aggregate nominal amount of Retained Bonds will be specified in the Issue Size Announcement (as defined below).

The proceeds of the Bonds (including the proceeds of the Retained Bonds following a sale of the Retained Bonds to any third party from time to time) described in this Prospectus will be loaned to Golden Lane Housing Ltd (the “**Charity**”) by way of a Loan (as defined below) on the terms of a loan agreement (the “**Loan Agreement**”) to be entered into between the Issuer and the Charity on 23 November 2017 (the “**Issue Date**”).

Payments of interest and principal due on the Loan and those due on the Bonds will be identical (save that payments of interest and principal under the Loan will be paid two business days prior to each interest payment date or redemption date, as the case may be, on the Bonds and subject to any withholding taxes either on amounts paid under the Loan or under the Bonds), so that payments of interest and repayment of the Loan by the Charity will provide the Issuer with funds to make the corresponding payment on the Bonds.

The Bonds are transferable debt instruments and are to be issued by the Issuer on the Issue Date. The nominal amount of each Bond (being the amount which is used to calculate payments made on each Bond) is £100. The aggregate nominal amount of the Bonds to be issued (including details of the aggregate nominal amount of the Retained Bonds) will be specified in the issue size announcement published by the Issuer on a Regulatory Information Service (the “**Issue Size Announcement**”).

This Prospectus contains important information about the Issuer, the Charity, the terms of the Bonds and details of how to apply for the Bonds. This Prospectus also describes the risks relevant to the Issuer and the Charity and their respective businesses and risks relating to an investment in the Bonds generally. You should read and understand fully the contents of this Prospectus before making any investment decisions relating to the Bonds.

Responsibility for the information contained in this Prospectus

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

The Charity accepts responsibility for the information in this Prospectus contained in Section 1 (“*Summary*”) (in so far as the information relates to the Charity only), Section 2 (“*Risk Factors - Factors that may affect the Charity’s ability to fulfil its obligations under the Loan Agreement*”), Section 3 (“*Description of the Charity*”), Section 4 (“*Information about the Bonds*”) (in so far as the information relates to the Charity only), the information relating to it under the headings “*Use of Proceeds*”, “*Material or Significant Change*”, “*Litigation*” and “*Auditors*” in Section 10 (“*Additional Information*”) and Appendix E (“*Charity’s Financial Statements For The Years Ended 31 March 2015, 31 March 2016 And 31 March 2017*”). To the best of the knowledge of the Charity (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the import of such information. Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Charity is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Use of defined terms in this Prospectus

Certain terms or phrases in this Prospectus are defined in double quotation marks and subsequent references to that term are designated with initial capital letters. The locations in this Prospectus where these terms are defined are set out in Appendix A (“*Defined Terms Index*”) of this Prospectus.

In this Prospectus, references to the “**Issuer**” are to Retail Charity Bonds PLC, which is the issuer of the Bonds, and references to the “**Charity**” are to Golden Lane Housing Ltd, the borrower under the Loan Agreement. See Sections 3 (“*Description of the Charity*”) and 7 (“*Description of Retail Charity Bonds PLC*”).

The Bonds are not protected by the Financial Services Compensation Scheme

The Bonds are not protected by the Financial Services Compensation Scheme (the “**FSCS**”). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer. If the Charity or the Issuer goes out of business or becomes insolvent or otherwise fails to pay amounts when due on the Loan or the Bonds (as the case may be), you may lose all or part of your investment in the Bonds.

How to apply

Applications to purchase Bonds cannot be made directly to the Issuer. Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.

After the closing time and date of the offer period (i.e. 12.00 noon (London time) on 15 November 2017) no Bonds will be offered for sale (a) by or on behalf of the Issuer or (b) by any authorised offeror, except with the permission of the Issuer.

See Section 5 (“*How to Apply for the Bonds*”) for more information.

Queries relating to this Prospectus and the Bonds

If you have any questions regarding the content of this Prospectus and/or the Bonds or the actions you should take, you should seek advice from your financial adviser or other professional adviser before deciding to invest.

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SUMMARY

The following section summarises certain information contained in this Prospectus, including information with respect to the Issuer, the Charity and the Bonds. The nature and order of the information contained in the Summary is prescribed by the Prospectus Directive and associated legislation.

SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A–E (A.1–E.7). This Summary contains all the Elements required to be included in a summary for the Bonds (as defined below) and the Issuer (as defined below). Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.

Section A – Introduction and warnings

Element	Title	
A.1	Warning	<p>This summary must be read as an introduction to this document (the “Prospectus”). Any decision to invest in the Bonds should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EU Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.</p>
A.2	Consent, Offer Period, Conditions to Consent and Notice	<p><i>Consent:</i> Subject to the conditions set out below, the Issuer and, as applicable, the Charity (as defined below) consent to the use of the Prospectus in connection with a public offer of Bonds in the United Kingdom (“Public Offer”) by each Authorised Offeror. The “Authorised Offerors” are: (i) Peel Hunt LLP (the “Manager”); (ii) AJ Bell Securities Limited, Cornhill Capital, Equiniti Financial Services Limited, iDealing.com Limited, Redmayne-Bentley LLP and Shore Capital Stockbrokers Ltd; (iii) any other financial intermediary appointed after the date of this Prospectus and whose name is published on the Issuer’s website (http://www.retailcharitybonds.co.uk/bonds/gh2017) and identified as an Authorised Offeror in respect of the Public Offer; and (iv) any financial intermediary which is authorised to make such offers under the Financial Services and Markets Act 2000, as amended, or other applicable legislation implementing Directive 2004/39/EC (the “Markets in Financial Instruments Directive”) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):</p> <p style="text-align: center;"><i>“We, [insert legal name of financial intermediary], refer to the 3.9 per cent. Bonds due 23 November 2027 (the “Bonds”) described in the Prospectus dated 1 November 2017 (the “Prospectus”) published by Retail Charity Bonds PLC (the “Issuer”). In consideration of the Issuer and Golden Lane</i></p>

Element	Title	
		<p><i>Housing Ltd (the “Charity”) offering to grant their consent to our use of the Prospectus in connection with the offer of the Bonds in the United Kingdom during the period from 1 November 2017 to 12.00 noon (London time) on 15 November 2017 and subject to the other conditions to such consent, each as specified in the Prospectus, we hereby accept the offer by the Issuer and the Charity in accordance with the Authorised Offeror Terms (as specified in the Prospectus) and confirm that we are using the Prospectus accordingly.”</i></p> <p><i>Offer Period:</i> The Issuer’s and, as applicable, the Charity’s consent referred to above is given for Public Offers of Bonds during the period from 1 November 2017 to 12.00 noon (London time) on 15 November 2017 (the “Offer Period”).</p> <p><i>Conditions to consent:</i> The conditions to the Issuer’s and the Charity’s consent (in addition to the conditions described above) are that such consent (a) is only valid in respect of the Bonds; (b) is only valid during the Offer Period; and (c) only extends to the use of the Prospectus to make a Public Offer of the Bonds in the United Kingdom.</p> <p>If you intend to acquire or do acquire any Bonds from an Authorised Offeror, you will do so, and offers and sales of the Bonds to you by such an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and you including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with you in connection with the offer or sale of the Bonds and, accordingly, this Prospectus does not contain such information. The information relating to the procedure for making applications will be provided by the relevant Authorised Offeror to you at the relevant time.</p>

Section B – The Issuer and the Charity

Element	Title	
B.1	The legal and commercial name of the issuer.	<p><i>Issuer</i></p> <p>Retail Charity Bonds PLC (the “Issuer”)</p> <p><i>Charity</i></p> <p>Golden Lane Housing Ltd (the “Charity”)</p>

Element	Title													
B.2	The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation.	<p><i>Issuer</i></p> <p>The Issuer is a public limited company incorporated in England and Wales under the Companies Act 2006.</p> <p><i>Charity</i></p> <p>The Charity is a charitable company limited by guarantee incorporated in England and Wales under the Companies Act 2006. The Charity is registered with the Charity Commission and is a Registered Provider with the Homes and Communities Agency.</p>												
B.5	If the issuer is part of a group, a description of the group and the issuer's position within the group.	<p><i>Charity</i></p> <p>The Charity is a member of the Mencap group. The Royal Mencap Society ("Mencap") is a registered charity established in 1946, which was founded to relieve needs of people with a learning disability, their families, dependants and carers, as part of a wider, fairer society in the UK. To help further its charitable purposes, Mencap has established a number of wholly owned subsidiaries, which together form the Mencap group. The principal subsidiaries of Mencap are: the Charity and Mencap Trust Company Limited, which manages trusts for people with a learning disability.</p>												
B.9	Profit forecast or estimate	<p><i>Charity</i></p> <p>Not applicable. No profit forecasts or estimates have been made in respect of the Charity in the Prospectus.</p>												
B.10	Audit report qualifications	<p><i>Charity</i></p> <p>Not applicable. No qualifications are contained in any audit report in respect of the Charity included in the Prospectus.</p>												
B.12	Selected historical key financial information													
	<p><i>Charity</i></p> <p>A summary of the Charity's historical income and expenditure account and balance sheet is set out below, which has been extracted without material adjustment from the audited financial statements of the Charity for the years ending 31 March 2015, 31 March 2016 and 31 March 2017.</p> <p>There has been no significant change in the financial or trading position of the Charity since 31 March 2017 and there has been no material adverse change in the prospects of the Charity since 31 March 2017.</p>													
	<p><u>Income and expenditure</u></p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;">Year 31 Mar 2015 Audited £'000</th> <th style="text-align: right;">Year 31 Mar 2016 Audited £'000</th> <th style="text-align: right;">Year 31 Mar 2017 Audited £'000</th> </tr> </thead> <tbody> <tr> <td>Income</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rental income</td> <td style="text-align: right;">11,346</td> <td style="text-align: right;">12,368</td> <td style="text-align: right;">13,566</td> </tr> </tbody> </table>		Year 31 Mar 2015 Audited £'000	Year 31 Mar 2016 Audited £'000	Year 31 Mar 2017 Audited £'000	Income				Rental income	11,346	12,368	13,566	
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Element	Title			
	Grants received	202	204	288
	Gain or (Loss) on disposal of fixed assets	13	(28)	250
	Other income	681	742	727
	Total income	12,242	13,286	14,831
	Costs			
	Staff	(3,312)	(3,552)	(3,734)
	Running costs	(3,087)	(3,553)	(3,995)
	Repayment of grant			
	Maintenance costs	(1,578)	(1,690)	(1,661)
	Net Surplus before depreciation and interest	4,265	4,491	5,441
	Depreciation	(777)	(895)	(986)
	Loan interest	(1,050)	(968)	(1,020)
	Bond interest	(725)	(879)	(879)
	Net Surplus for the year as per SoFA	1,713	1,749	2,556
	Net Surplus for the year (excluding grant and repayment of grant/loss/gains for property disposal)	1,498	1,573	2,018
	Balance Sheet			
		Year 31	Year 31	Year 31
		Mar 2015	Mar 2016	Mar 2017
		Audited	Audited	Audited
		£'000	£'000	£'000
	Fixed assets	85,482	89,168	90,097
	Cash	4,862	7,403	8,090
	Other current assets	820	1,146	1,135
	Current assets	5,682	8,549	9,225
	Current liabilities	(3,347)	(2,911)	(3,109)
	Net current assets	2,335	5,638	6,116
	Loans	(42,460)	(47,700)	(46,551)
	Bonds	(21,000)	(21,000)	(21,000)
	Creditors due after more than one year	(63,460)	(68,700)	(67,551)
	Net assets	24,357	26,106	28,662
	Unrestricted funds	23,839	25,578	28,134
	Restricted funds	518	528	528
	Total Funds	24,357	26,106	28,662
B.13	Events impacting the Issuer's solvency	<i>Charity</i> Not applicable. There are no recent events particular to the Charity which are to a material extent relevant to the evaluation of the Charity's solvency.		
B.14	Dependence on other group entities	<i>Charity</i> The Charity relies on its parent company, Mencap, for the provision of services, including a shared head office space, occasional financial advice, human resources and information technology, and is, accordingly, dependent on Mencap. The Charity is not dependent on any other entity in the Mencap group.		

<p>B.15</p>	<p>Principal Activities</p>	<p><i>Charity</i></p> <p>The Charity's main activities are:</p> <ul style="list-style-type: none"> • the ownership and management of 798 homes, providing housing for 1,645 tenants with a learning disability in the UK (in each case as of 31 March 2017); and • the provision of specialist services to its tenants in partnership with other care providers, including Mencap. This includes providing bespoke adaptations to the properties to meet the needs of the tenants.
<p>B.16</p>	<p>To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control.</p>	<p><i>Issuer</i></p> <p>The entire issued share capital of the Issuer is held by RC Bond Holdings Limited ("Holdings") and Allia Ltd, which holds one ordinary share designated as a special share (the "Special Share").</p> <p>In respect of any resolution proposed in relation to any alteration in the articles of association of the Issuer (which includes any alteration to the corporate objects of the Issuer), the holder of the Special Share is entitled to cast such number of votes as is necessary to defeat the resolution and, in the event that the holder of the Special Share has not voted in respect of any such resolution, such resolution will be deemed not to have been passed. The holder of the Special Share shall not be entitled to vote in relation to any matter other than a proposed alteration in the articles of association of the Issuer. The Issuer does not have the ability to declare a dividend or distribution to be paid to its members.</p> <p>Holdings has exclusive control of the Issuer (and has the ability to appoint and remove directors of the Issuer by ordinary resolution) other than in relation to a proposal to alter the articles of association of the Issuer (as described above) in respect of which the holder of the Special Share controls whether such resolution is approved or not.</p> <p><i>Charity</i></p> <p>The Charity is a charitable company limited by guarantee and the sole member of the Charity is Mencap. Being the sole member of the Charity, Mencap has ultimate control of the Charity. As the Charity is a charitable company, Mencap, as sole member, does not have rights of ownership in the Charity, because the income and property of the Charity cannot be distributed to it by way of profit, and any surplus on a winding-up is to be paid to another charitable organisation chosen by the Charity's members, rather than to the members themselves.</p>
<p>B.17</p>	<p>Credit ratings assigned to an issuer or its debt securities at the request or with the co-operation of the issuer in the</p>	<p><i>Issuer</i></p> <p>Not applicable. Neither the Issuer nor the Bonds are, nor will they be, rated.</p>

	rating process.	
B.20	A statement whether the issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset backed securities.	<p><i>Issuer</i></p> <p>The Issuer is an entity which has been established for the purpose of issuing asset-backed securities.</p>
B.21	A description of the issuer's principal activities including a global overview of the parties to the securitisation programme including information on the direct or indirect ownership or control between those parties.	<p><i>Issuer</i></p> <p>The Issuer's principal activity is to issue debt securities (such as the Bonds) and to lend the proceeds of issue to exempt charities or registered charities in the United Kingdom (such as Golden Lane Housing Ltd) to be applied in the achievement of the relevant charity's objects. The Issuer is not itself a charity.</p> <p>The principal parties relevant to the issue of the Bonds are: (i) Retail Charity Bonds PLC as Issuer of the Bonds; (ii) Allia Impact Finance Ltd. as the servicer (the "Servicer") in respect of the Bonds and the Loan Agreement (as defined below); (iii) the Charity as borrower under the Loan Agreement between the Issuer and the Charity; (iv) Prudential Trustee Company Limited as trustee (the "Trustee") in respect of the Bonds; (v) The Bank of New York Mellon, London Branch as registrar (the "Registrar") in respect of the Bonds; and (vi) The Bank of New York Mellon, London Branch as agent (the "Agent").</p> <p>There are no relationships of direct or indirect control between the parties listed above.</p>
B.22	Where, since the date of incorporation or establishment, an issuer has not commenced operations and no financial statements have been made up as at the date of the registration document, a statement to that effect.	<p><i>Issuer</i></p> <p>Not applicable. The Issuer has published audited condensed financial statements for the period from the date of its incorporation on 14 March 2014 to 31 August 2015 and for the year ended 31 August 2016.</p>
B.23	Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information.	
		<p><i>Issuer</i></p> <p>The financial information below has been extracted from the Issuer's audited financial statements for the period from the date of its incorporation on 14 March 2014 to 31 August 2015 and for the year ended 31 August 2016.</p>

	<p>Profit and Loss Account</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;">Period ended 31 August 2015 £'000</th> <th style="text-align: right;">Year ended 31 August 2016 £'000</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td style="text-align: right;">32</td> <td style="text-align: right;">37</td> </tr> <tr> <td>Interest receivable and similar income</td> <td style="text-align: right;">941</td> <td style="text-align: right;">2,045</td> </tr> <tr> <td>Interest payable and similar charges</td> <td style="text-align: right;">(941)</td> <td style="text-align: right;">(2,045)</td> </tr> <tr> <td>Other income</td> <td style="text-align: right;">59</td> <td style="text-align: right;">22</td> </tr> <tr> <td>Administrative expenditure</td> <td style="text-align: right;">(89)</td> <td style="text-align: right;">(59)</td> </tr> <tr> <td>Profit before taxation</td> <td style="text-align: right;">2</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Tax</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</td> <td style="text-align: right;">2</td> <td style="text-align: right;">-</td> </tr> </tbody> </table> <p>Balance Sheet</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;">As at 31 August 2015 £'000</th> <th style="text-align: right;">As at 31 August 2016 £'000</th> </tr> </thead> <tbody> <tr> <td>Current assets</td> <td></td> <td></td> </tr> <tr> <td>Debtors: amounts due after more than one year</td> <td style="text-align: right;">37,667</td> <td style="text-align: right;">57,435</td> </tr> <tr> <td>Debtors: amounts due after less than one year</td> <td style="text-align: right;">513</td> <td style="text-align: right;">832</td> </tr> <tr> <td>Cash at bank and in hand</td> <td style="text-align: right;">2</td> <td style="text-align: right;">111</td> </tr> <tr> <td></td> <td style="text-align: right;">38,182</td> <td style="text-align: right;">58,378</td> </tr> <tr> <td>Creditors</td> <td></td> <td></td> </tr> <tr> <td>Amounts falling due within one year</td> <td style="text-align: right;">(463)</td> <td style="text-align: right;">(891)</td> </tr> <tr> <td></td> <td style="text-align: right;">37,719</td> <td style="text-align: right;">57,487</td> </tr> <tr> <td>Net current assets</td> <td></td> <td></td> </tr> <tr> <td>Creditors</td> <td></td> <td></td> </tr> <tr> <td>Amount falling due after one year</td> <td style="text-align: right;">(37,667)</td> <td style="text-align: right;">(57,435)</td> </tr> <tr> <td></td> <td style="text-align: right;">52</td> <td style="text-align: right;">52</td> </tr> <tr> <td>Net assets</td> <td></td> <td></td> </tr> <tr> <td>Capital and reserves</td> <td></td> <td></td> </tr> <tr> <td>Share capital</td> <td style="text-align: right;">50</td> <td style="text-align: right;">50</td> </tr> <tr> <td>Profit and loss account</td> <td style="text-align: right;">2</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Shareholder's funds</td> <td style="text-align: right;">52</td> <td style="text-align: right;">52</td> </tr> </tbody> </table>			Period ended 31 August 2015 £'000	Year ended 31 August 2016 £'000	Turnover	32	37	Interest receivable and similar income	941	2,045	Interest payable and similar charges	(941)	(2,045)	Other income	59	22	Administrative expenditure	(89)	(59)	Profit before taxation	2	-	Tax	-	-	PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2	-		As at 31 August 2015 £'000	As at 31 August 2016 £'000	Current assets			Debtors: amounts due after more than one year	37,667	57,435	Debtors: amounts due after less than one year	513	832	Cash at bank and in hand	2	111		38,182	58,378	Creditors			Amounts falling due within one year	(463)	(891)		37,719	57,487	Net current assets			Creditors			Amount falling due after one year	(37,667)	(57,435)		52	52	Net assets			Capital and reserves			Share capital	50	50	Profit and loss account	2	2	Shareholder's funds	52	52
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Creditors																																																																																			
Amount falling due after one year	(37,667)	(57,435)																																																																																	
	52	52																																																																																	
Net assets																																																																																			
Capital and reserves																																																																																			
Share capital	50	50																																																																																	
Profit and loss account	2	2																																																																																	
Shareholder's funds	52	52																																																																																	
B.24	<p>A description of any material adverse change in the prospects of the issuer since the date of its last published audited financial statements.</p>	<p><i>Issuer</i></p> <p>There has been no material adverse change in the financial position or prospects of the Issuer since 31 August 2016.</p>																																																																																	
B.25	<p>A description of the underlying assets including:</p> <ul style="list-style-type: none"> • confirmation that the securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the securities • a description of the 	<p><i>Issuer</i></p> <p><i>Capacity to produce funds</i></p> <p>The proceeds from the issue of the Bonds (other than the Retained Bonds) will be loaned by the Issuer to the Charity by way of a loan (the “Initial Advance”) on the terms of a loan agreement (the “Loan Agreement”) to be entered into between the Issuer and the Charity on 23 November 2017 (the “Issue Date”). The Loan Agreement shall be substantially in the form set out in Appendix D of this Prospectus.</p> <p>On any date on which the Issuer sells the Retained Bonds, in whole or in part, the Issuer will make a further advance (a “Retained Advance”) in accordance with the Loan Agreement with a principal amount equal to the principal amount of the Retained Bonds sold, where such Retained Advance will be made in an amount equal to the gross sale proceeds of the Retained Bonds so sold (the “Retained Bond Actual Advance Amount”). If such</p>																																																																																	

	<p>general characteristics of the obligors and in the case of a small number of easily identifiable obligors, a general description of each obligor</p> <ul style="list-style-type: none"> • a description of the legal nature of the assets • loan to value ratio or level of collateralisation • Where a valuation report relating to real property is included in the prospectus, a description of the valuation. 	<p>sale of Retained Bonds is made at a discount or premium to the principal amount of such Retained Bonds, the relevant Retained Advance shall correspondingly be made at a discount, or premium, as applicable.</p> <p>The aggregate principal amount of the Initial Advance and any Retained Advances made under the Loan Agreement, or the principal amount outstanding of such amounts from time to time, shall be the “Loan”.</p> <p>Any difference between a Retained Advance and the relevant Retained Bond Actual Advance Amount shall be ignored in determining the amount of the Loan and, amongst other things, the calculation of interest, principal and any other amounts payable in respect thereof.</p> <p>Any Retained Bonds shall, following a sale to any third party from time to time, cease to be Retained Bonds to the extent of and upon such sale or disposal. Bonds which have ceased to be Retained Bonds shall carry the same rights and be subject in all respects to the same conditions as other Bonds.</p> <p>For so long as any Retained Bonds are held by or on behalf of the Issuer, the Charity may request that an amount of the undrawn portion of the Commitment (as defined in the Loan Agreement) be cancelled. As soon as practicable following any such request, the Issuer shall cancel Retained Bonds in a corresponding amount. Such cancellation of the undrawn portion of the Commitment shall take effect upon the cancellation of such Retained Bonds.</p> <p>Payments of interest and principal by the Issuer in respect of the Bonds will be funded solely by the interest and principal which the Issuer receives from the Charity under the Loan. The terms of the Loan and those of the Bonds will be aligned such that payments of interest and repayments of principal are identical (save that the Charity has agreed to make payments of interest and repayments of principal under the Loan two business days prior to each interest payment date or redemption date, as the case may be, on the Bonds and subject to any withholding taxes either on amounts paid under the Loan or under the Bonds), and accordingly the Loan has characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Bonds (other than in respect of the Retained Bonds).</p> <p>The Loan Agreement contains certain covenants which the Charity has agreed to comply with from time to time such as, for example, a requirement to ensure that as at each testing date, its net asset value as determined by reference to its most recent audited financial statements is at least 130 per cent. of the outstanding balance of the Loan and all other unsecured, unsubordinated borrowings (other than, for the avoidance of doubt, any liabilities that might arise under any shared investment contributions arrangements) of the Charity, in each case as shown in the most recent audited financial statements of the Charity from time to time.</p> <p><i>Brief description of the obligor (i.e. the Charity)</i></p> <p>The Charity is the sole borrower under the Loan Agreement. The Charity is a charitable company limited by guarantee incorporated in England and Wales under the Companies Act 2006. The Charity is registered with the Charity Commission and with the Homes and Communities Agency.</p>
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		<p><i>Legal nature of the assets</i></p> <p>The underlying asset is the Loan Agreement. The Loan Agreement will be governed by English law. The Issuer’s rights to receive payments under the Loan from the Charity and certain related rights under the issue documents for the Bonds will be charged as security for the benefit of the investors in the Bonds. This means that if the Charity fails to make payments of interest or repayments of principal under the Loan Agreement and this results in the occurrence of an event of default under the terms and conditions of the Bonds, the Trustee (acting on the instructions of the holders of the Bonds (the “Bondholders”)) may enforce the terms of the Loan Agreement against the Charity. If any amounts are recovered, they will be available, following payment of certain costs related to enforcement (such as the fees of the Trustee), for payment to the Bondholders.</p> <p>Whilst the Issuer may, from time to time, issue other bonds and lend the proceeds of those issues to other charities, the only assets of the Issuer to which investors in the Bonds will have recourse if the Issuer fails to make payments in respect of the Bonds will be the Issuer’s rights under the Loan Agreement and the related rights under the issue documents. The Bondholders will not have recourse to the other assets of the Issuer in connection with the other bond issues.</p> <p><i>Loan to value ratio</i></p> <p>The principal amount of the Loan will be equal to the principal amount of the Bonds (other than the Retained Bonds). The interest rate payable by the Charity under the Loan Agreement will be identical to the interest rate payable on the Bonds (save that the Charity has agreed to make payments of interest and repayments of principal under the Loan two business days prior to each interest payment date or redemption date, as the case may be, on the Bonds). The Charity will pay an additional sum to the Issuer under the Loan Agreement to cover the payment of general expenses relating to the Issuer.</p> <p><i>Valuation report</i></p> <p>Not applicable. There is no valuation report included in the Prospectus.</p>
<p>B.26</p>	<p>In respect of an actively managed pool of assets backing the issue a description of the parameters within which investments can be made, the name and description of the entity responsible for such management including a brief description of that entity’s relationship with any other parties to the issue.</p>	<p><i>Issuer</i></p> <p>Not applicable. The Issuer’s rights under the Loan Agreement will be the sole asset backing the issue of the Bonds. There will not be an actively managed pool of assets.</p>

<p>B.27</p>	<p>Where an issuer proposes to issue further securities backed by the same assets a statement to that effect.</p>	<p><i>Issuer</i></p> <p>The Issuer may issue further bonds, which could be consolidated and form a single series of bonds with the Bonds. In such circumstances, the size of the Loan would be increased in an amount which corresponds to the principal amount of the further bonds issued.</p>
<p>B.28</p>	<p>A description of the structure of the transaction, including, if necessary, a structure diagram.</p>	<p>Cash flows</p> <pre> graph TD Bondholders[BONDHOLDERS] Issuer[RETAIL CHARITY BONDS PLC (Issuer)] Charity[GOLDEN LANE HOUSING LTD (Charity)] Issuer -- Bonds --> Bondholders Charity -- Loan Agreement --> Issuer </pre> <p>N.B. the proceeds of any Retained Bonds, once sold to any third party from time to time, will be advanced under the Loan Agreement at that time.</p> <p><i>Issuer</i></p> <p>The Issuer will issue the Bonds and loan the proceeds of the Bonds (including the proceeds of the Retained Bonds following a sale of the Retained Bonds to any third party from time to time) to the Charity on the terms of the Loan Agreement. The Charity will agree to pay interest on the Loan and when due it will agree to repay the principal amount of the Loan to the Issuer. Payments of interest and principal made by the Issuer in respect of the Bonds will be solely funded by the interest and principal which the Issuer receives from the Charity under the Loan Agreement.</p> <p>The Issuer will assign by way of security its right to receive interest and principal under the Loan Agreement to the Trustee. The Trustee will hold that right for the benefit of the Bondholders and certain other secured parties. As such, if the Charity does not make payments of interest or principal under the Loan Agreement and this results in the occurrence of an event of default under the terms and conditions of the Bonds, the Trustee (acting on the instructions of the Bondholders) may enforce the terms of the Loan Agreement against the Charity for the benefit of the Bondholders and for the benefit of certain other secured parties.</p>
<p>B.29</p>	<p>A description of the flow of funds including information on swap counterparties and any other material forms of credit/liquidity enhancements and the</p>	<p><i>Issuer</i></p> <p>Payments in respect of the Bonds will be funded by the interest and principal payable on the Loan Agreement. No swaps will be entered into nor will any other form of credit or liquidity enhancement be provided in connection with the Bonds.</p>

	providers thereof.	
B.30	The name and a description of the originators of the securitised assets.	<p><i>Issuer</i></p> <p>The Loan Agreement will be entered into between the Issuer and the Charity. Payments of interest and principal due on the Bonds will be backed by payments due on the Loan Agreement. Bondholders have access to the payments due on the Loan Agreement through the security that will be granted by the Issuer in favour of the Bondholders over its rights in respect of the Loan Agreement. If the Charity does not meet its obligations under the Loan Agreement resulting in an event of default under the terms and conditions of the Bonds, the Bondholders may instruct the Trustee to enforce the security and take control of the Loan.</p> <p><i>Charity</i></p> <p>The Charity is Golden Lane Housing Ltd. The sole member and parent of the Charity is Mencap. The Charity was established by Mencap in 1998 to provide quality homes to people with a learning disability. To date, the Charity's operations have been exclusively in England, Wales and Northern Ireland.</p>

Section C – Securities

Element	Title	
C.1	A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.	<p>The 3.9 per cent. Bonds due 23 November 2027 (including Retained Bonds) (the “Bonds”) will be issued in registered form. The nominal amount of each Bond (being the amount which is used to calculate payments made on each Bond) is £100.</p> <p>The International Securities Identification Number (“ISIN”) for the Bonds is XS1713569629 and the Common Code is 171356962.</p>
C.2	Currency of the securities issue.	Pounds Sterling (“ £ ”).
C.5	A description of any restrictions on the free transferability of the securities.	Not applicable. There are no restrictions on the free transferability of the Bonds.
C.8	A description of the rights attached to the securities including: <ul style="list-style-type: none"> • ranking • limitations to those rights 	<p><i>Ranking</i></p> <p>The Bonds will constitute direct, limited recourse obligations of the Issuer, secured in the manner described under “<i>Security</i>” and “<i>Limited recourse</i>” below, and will rank <i>pari passu</i> (i.e. equally in right of payment) among themselves.</p> <p><i>Security</i></p> <p>The Trustee will take security over the Issuer’s rights arising under the Loan Agreement.</p> <p><i>Limited recourse</i></p> <p>Bondholders will have no rights or recourse with respect to any loan agreements for any other series of bonds issued by the Issuer.</p>

Element	Title	
		<p><i>Enforcement</i></p> <p>If the Charity does not meet its obligations under the Loan Agreement resulting in the occurrence of an event of default under the terms and conditions of the Bonds, the Trustee will be entitled to accelerate the Loan (which means that it becomes immediately due and payable). The Trustee will be entitled to take such steps as it in its absolute discretion considers appropriate in an attempt to ensure the payment of the outstanding sum and, if necessary, may take action against the Charity to enforce the Issuer's rights under the Loan Agreement. However, the Trustee will not be bound to take any such enforcement action unless it has been indemnified and/or secured and/or pre-funded to its satisfaction.</p> <p><i>Taxation</i></p> <p>All payments in respect of the Bonds by the Issuer or any Paying Agent and the Loan by the Charity will be made without withholding or deduction for or on account of taxes unless such withholding or deduction is required by applicable law. In the event that any such deduction is made, neither the Issuer, nor any Paying Agent, nor the Charity (as applicable) will be required to pay additional amounts to cover the amounts so deducted or withheld.</p> <p><i>Events of default</i></p> <p>An event of default is a breach by the Issuer of certain provisions in the terms and conditions of the Bonds or the occurrence of other specified events. Events of default under the Bonds include (amongst others) the following: (a) (subject to the right of the Issuer to defer the payment of principal on the Bonds until the Legal Maturity Date (as defined below)) default in payment of any principal or interest due in respect of the Bonds, continuing for a specified period of time; (b) non-performance or non-observance by the Issuer of any other obligations under the conditions of the Bonds or the Trust Deed, continuing for a specified period of time; (c) certain events relating to the insolvency or winding-up of the Issuer; and (d) (subject to the right of the Issuer to defer the payment of principal on the Bonds until the Legal Maturity Date) a default under the Loan Agreement which is not remedied within 30 days of the occurrence thereof.</p> <p><i>Meetings</i></p> <p>The conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit a certain number of people to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><i>Governing law</i></p> <p>English law.</p>
C.9	<p>A description of the rights attached to the securities including:</p> <ul style="list-style-type: none"> • the nominal interest rate • the date from which 	<p><i>Interest</i></p> <p>The Bonds bear interest from their date of issue at the fixed rate of 3.9 per cent. per annum. The yield of the Bonds is 3.9 per cent. per annum until the Expected Maturity Date (as defined below). Interest will be paid semi-annually in arrear on 23 May and 23 November in each year. If repayment of the Loan is deferred until the Legal Maturity Date (as defined below)</p>

Element	Title	
	<p>interest becomes payable and the due dates for interest</p> <ul style="list-style-type: none"> • where the rate is not fixed, description of the underlying on which it is based • maturity date and arrangements for the amortisation of the loan, including the repayment procedures • an indication of yield • name of representative of debt security holders 	<p>rather than being made on the Expected Maturity Date, the rate of interest payable on the Bonds will be increased by an additional 1.00 per cent. per annum from, and including, the Expected Maturity Date to, but excluding, the Legal Maturity Date.</p> <p><i>Redemption</i></p> <p>Subject to any purchase and cancellation or early redemption, the Bonds are scheduled to be redeemed at 100 per cent. of their nominal amount on 23 November 2027 (the “Expected Maturity Date”). However, if and to the extent that the Charity elects to extend the maturity date of the Loan pursuant to its right to do so under the terms of the Loan, the redemption of the Bonds will be postponed until 23 November 2029 (the “Legal Maturity Date”).</p> <p>The Bonds will be redeemed early if the Charity repays the Loan early and in full in circumstances in which it is permitted to do so, at the Sterling Make-Whole Redemption Amount. The Sterling Make-Whole Redemption Amount is an amount which is calculated to ensure that the redemption price produces a sum that, if reinvested in a reference bond (in this case a UK gilt), would continue to give the Bondholders the same yield on the money that was originally invested as they would have received had the Bonds not been redeemed.</p> <p><i>Representative of holders</i></p> <p>Prudential Trustee Company Limited will act as Trustee for the Bondholders and Allia Impact Finance Ltd. will act as Servicer for the Issuer.</p>
C.10	<p>If the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.</p>	<p>Not applicable. The rate of interest payable on the Bonds is 3.9 per cent. per annum and does not contain a derivative component.</p>
C.11	<p>An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the</p>	<p>The Bonds will be listed on the Official List of the Financial Conduct Authority and admitted to trading on the regulated market of the London Stock Exchange plc and through the London Stock Exchange’s electronic Order book for Retail Bonds (“ORB”).</p>

Element	Title	
	markets in question.	
C.12	The minimum denomination of an issue.	The Bonds will be issued in denominations of £100.

Section D – Risks

Element	Title	
D.2	Key information on the key risks that are specific to the issuer.	<p><i>Issuer:</i></p> <ul style="list-style-type: none"> The Issuer is an entity which has been established for the purpose of issuing asset-backed securities. It has very limited assets. As investors in the Bonds, Bondholders will only have limited recourse to certain of those assets in the event that the Issuer fails to make payments in respect of the Bonds. The Issuer's only material assets in respect of the Bonds will be its rights under the Loan Agreement and, accordingly, as investors in the Bonds, Bondholders will take credit risk on the Charity. The Issuer is a party to contracts with a number of third parties that have agreed to perform certain services in relation to the Bonds. The nature of some of these services is highly specialised and disruptions in these arrangements could lead to Bondholders incurring losses on the Bonds. The Issuer has not undertaken and will not undertake any investigations or due diligence to establish the creditworthiness of the Charity for the benefit of the Bondholders. <p><i>Charity:</i></p> <ul style="list-style-type: none"> The principal source of income for the Charity is rental income generated by its property portfolio. A large proportion of the rent received by the Charity is derived from housing benefit. Changes in the legislation relating to housing benefit could have an adverse impact on the payment of rent. The receipt of rental income by the Charity may be delayed by, for example, the failure of the tenant to pay rent which is due. This could affect the ability of the Charity to meet its obligations under the Loan Agreement. In 2016, the Government set out proposals on the future funding of supported housing. However, on 31 October 2017, the Government produced a further Policy Statement which stated that those proposals would not be implemented. Instead, it stated that all housing costs for long term supported housing would continue to be met through housing benefit/Universal Credit, subject to the benefit rules. However, any change in the future to the Government's current policy on supported housing expenditure could have an adverse impact on the Charity's income. If the Charity's properties are vacant, this could result in a reduction of the profitability of the Charity, which may mean that the Charity is unable to repay its liabilities when due, including those under the Loan Agreement.

Element	Title	
		<ul style="list-style-type: none"> • Save for a 25 year secured loan to the Charity, Mencap does not provide any guarantees or credit support to the Charity, but is the largest support provider for the Charity's tenants. • The Charity benefits from various services provided by Mencap, which established the Charity in 1998 and is its sole member. There has been recent press coverage of potential reduced investment and job losses at Mencap as a result of increased liabilities resulting from an employment tribunal decision and change in policy by HM Revenue & Customs. This is not expected to have a direct financial impact on the Charity, though disruption at Mencap from this issue could lead to temporary operational disruption to the Charity. • All of the Charity's staff are employed by Mencap, seconded to the Charity and recharged at cost to the Charity. Should Mencap not be able to provide these services this could lead to temporary operational disruption to the Charity. • The Charity could find itself unable to access sources of funding at suitable interest rates. Additionally, the Charity is subject to interest rate risk in respect of its variable-rate borrowing.
D.3	<p>Key information on the key risks that are specific to the securities.</p>	<ul style="list-style-type: none"> • In certain circumstances, repayment of the Bonds may be deferred to a later date, and such deferral will not constitute a default under the terms of the Bonds, provided the Bonds are repaid on the Legal Maturity Date. • The Bonds are not protected by the UK Financial Services Compensation Scheme. • The Bonds are limited recourse obligations of the Issuer and the rights of enforcement for investors are limited. • Bondholders do not have direct recourse to the Charity (or Mencap) in respect of any failure of the Charity to fulfil its obligations under the Loan Agreement. However, the Issuer will assign by way of security its rights, title and interest in the Loan Agreement in favour of the Trustee for the benefit of the Bondholders and the other secured parties. • The Bonds pay interest at a fixed rate and the Issuer will pay principal and interest on the Bonds in pounds sterling, which potentially exposes Bondholders to interest rate risk, inflation risk and exchange rate risk. • Neither the Bonds nor the Loan Agreement contains a gross-up provision requiring the Issuer or the Charity to pay any additional amounts to Bondholders or (in the case of the Loan Agreement) the Issuer, to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Bonds or the Loan Agreement. • If a withholding or deduction for or on account of tax in respect of payments due on the Loan by the Charity results in a shortfall in

Element	Title	
		<p>the amounts available to the Issuer to pay interest due on the Bonds, such shortfall shall be deferred and shall become due and payable on the next interest payment date to the extent that the Issuer has sufficient funds (in accordance with its priority of payments) to pay such shortfall.</p> <ul style="list-style-type: none"> • Bondholders may not receive payment of the full amounts due in respect of the Bonds as a result of amounts being withheld by the Issuer or the Charity in order to comply with applicable law. • Defined majorities may be permitted to bind all the Bondholders with respect to modification and waivers of the terms and conditions of the Bonds. • If the Issuer does not satisfy the conditions to be taxed in accordance with the Securitisation Companies Regulations 2006 (S.I. 2006/3296) (as amended) (or subsequently ceases to satisfy those conditions), then the Issuer could suffer tax liabilities not contemplated in the cash flows for the transaction described herein.

Section E – Offer

Element	Title	
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks.	<p>The proceeds from the issue of the Bonds (including the proceeds of the Retained Bonds following a sale of the Retained Bonds to any third party from time to time) will be advanced by the Issuer to the Charity pursuant to the Loan Agreement, to be applied by the Charity in furtherance of its charitable objects, including, but not limited to, re-financing of a previous bond issue and the acquisition and adaptation of housing for people with a learning disability.</p>
E.3	A description of the terms and conditions of the offer.	<p>The Offer is expected to open on 1 November 2017 and close at 12.00 noon (London time) on 15 November 2017 or such other time and date as may be agreed between the Issuer and the Manager and announced via a Regulatory Information Service.</p> <p>You will be notified by the relevant Authorised Offeror of your allocation of Bonds and instructions for delivery of and payment for the Bonds. You may not be allocated all (or any) of the Bonds for which you apply.</p> <p>The Bonds will be issued at the issue price (which is 100 per cent. of the principal amount of the Bonds) and the aggregate principal amount of the Bonds to be issued will be specified in the issue size announcement published by the Issuer on a Regulatory Information Service.</p> <p>The issue of Bonds is conditional upon (i) a subscription agreement being signed by the Issuer and the Manager on or about 20 November 2017 (the “Subscription Agreement”), (ii) a commitment agreement being signed by the Issuer, the Manager, the Servicer and the Charity on or about 20 November 2017 (the “Commitment Agreement”); and (iii) the Loan Agreement being signed by the Issuer and the Charity on or about 23 November 2017. The Subscription Agreement will include certain conditions customary for transactions of this type (including the issue of the Bonds and the delivery of legal opinions and comfort letters from the</p>

Element	Title	
		<p>independent auditors of the Charity satisfactory to the Manager).</p> <p>The minimum subscription amount per investor is for a principal amount of £500 of the Bonds.</p>
E.4	A description of any interest that is material to the issue/offer including conflicting interests.	<p>The Manager will be paid aggregate commissions equal to 0.50 per cent. of the nominal amount of the Bonds issued. The Authorised Offerors will also receive commissions of up to 0.25 per cent. of the nominal amount of the Bonds delivered to them (payable out of the fee paid to the Manager). The Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.</p>
E.7	Estimated expenses charged to the investor by the issuer or the offeror.	<p>Not Applicable. There are no expenses charged to the investor by the Issuer. An Authorised Offeror may charge you expenses. However, these are beyond the control of the Issuer and are not set by the Issuer. The Issuer estimates that, in connection with the sale of Bonds to you, the expenses charged to you by one of the Authorised Offerors known to it as of the date of this Prospectus will be between 1 per cent. and 7 per cent. of the aggregate principal amount of the Bonds sold to you.</p>

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RISK FACTORS

The following section sets out certain risks relating to an investment in the Bonds, including risks relating to the Issuer's ability to make payments under the Bonds, risks relating to the Charity's ability to make payments under the Loan Agreement and risks relating to the structure of the Bonds.

RISK FACTORS

The following is a description of the principal risks and uncertainties which may affect the Issuer's or the Charity's, as the case may be, ability to fulfil its obligations under the Bonds or the Loan Agreement, respectively, as the case may be.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE BONDS

The Issuer is an entity which has been established for the purpose of issuing asset-backed securities. It has very limited assets, and investors in the Bonds will only have limited recourse to certain of those assets in the event that the Issuer fails to make payments in respect of the Bonds

The Issuer is an entity which has been established for the purpose of issuing asset-backed securities, which means that it has been incorporated for specific purposes only (i.e. to issue bonds), will not conduct business more generally and has very limited assets. The Issuer will not engage in any business activity other than the issuance of bonds under an established issuance facility, the lending of the proceeds of the issue of such bonds to charities in the United Kingdom under loan agreements, the entry into and performance of its obligations in respect of such issuance facility and the performance of any act incidental to or necessary in connection with the aforesaid. The proceeds of the issue of the Bonds (including the proceeds of the Retained Bonds following a sale of the Retained Bonds to any third party from time to time) described in this Prospectus will be loaned to the Charity under the Loan Agreement to be dated the date of issue of the Bonds. Since the Issuer does not have any general income-producing business, its ability to make payments under the Bonds will depend entirely on the Charity making payments to the Issuer under the Loan Agreement.

The Issuer's only material assets corresponding to the Bonds will be its rights under the Loan Agreement and under the issuance facility insofar as they relate to the Bonds and the Loan Agreement. Whilst the Issuer may issue other bonds and advance loans to other charities, the Issuer's rights in respect of those other loan agreements will be held as security for the holders of the corresponding bonds and will not be available to investors in the Bonds described in this Prospectus. Accordingly, in the event that the Issuer fails to make payments in respect of the Bonds, investors in the Bonds will have recourse only to certain of the assets of the Issuer.

If the Charity fails to make payments under the Loan Agreement, the Issuer will not be able to meet its payment obligations in respect of the Bonds.

The Issuer's only material assets corresponding to the Bonds will be its rights under the Loan Agreement and, accordingly, investors in the Bonds will take credit risk on the Charity

Credit risk can be described as the risk that a borrower of money will be unable to repay it. Investors in the Bonds will take credit risk on the Charity. If the Charity becomes unable to pay its debts as they fall due, an investor in the Bonds could lose some or the entire amount of its investment. Accordingly, investors should have regard to the detailed information contained in this Prospectus in relation to the Charity to assess the credit risk of an investment in the Bonds, including the risk factors set out under "*Factors that may affect the Charity's ability to fulfil its obligations under the Loan Agreement*" below.

No independent investigation by the Issuer of the Charity

The Issuer has not undertaken and will not undertake any investigations or due diligence to establish the creditworthiness of the Charity for the benefit of holders of the Bonds ("**Bondholders**"). The Issuer does not provide any credit enhancement, guarantee or any other credit support in respect of the Charity or its obligations under the Loan Agreement.

The Issuer is under no obligation to monitor the performance by the Charity of the Loan Agreement

The Issuer is under no obligation to investigate or monitor the continued compliance by the Charity of the covenants in the Loan Agreement and is entitled to assume without enquiry that no event of default has occurred under the Loan Agreement.

In addition, the Issuer is under no obligation to take any action (including any enforcement action following the occurrence of an event of default under the Loan Agreement) in relation to the Charity or in respect of its rights under the Loan Agreement.

Investors should note that the Charity has agreed to deliver certain information to Allia Impact Finance Ltd. (the “**Servicer**”) (copied to the Issuer) pursuant to the terms of the Loan Agreement including: (i) its audited annual report and accounts; (ii) a compliance certificate confirming whether a default is continuing at the relevant time; and (iii) an annual statement of social impact. In addition, the Charity is required to notify the Issuer of any default under the Loan Agreement promptly upon becoming aware of its occurrence. Investors should note, however, that the Issuer shall not be responsible for reviewing or monitoring the receipt of any such information and that Bondholders will therefore be responsible for reviewing such information and deciding upon a course of action to be taken in relation to it.

The Issuer has agreed to forward such information to Prudential Trustee Company Limited (the “**Trustee**”) under the trust deed dated 26 June 2014 as supplemented from time to time and to publish the information received from the Charity from time to time required to be delivered under the Loan Agreement on its website at <http://www.retailcharitybonds.co.uk/bonds/gh2017>. In practice, the Servicer will forward this information to the Trustee and publish such information on the Issuer’s website on behalf of the Issuer in accordance with the terms of the Services Agreement dated 26 June 2014 (the “**Services Agreement**”). All such information from the Charity will be made available to the Servicer and copied to the Issuer, in order that the Servicer can perform its functions in relation to such information as described in this paragraph.

The Issuer’s reliance on third parties

The Issuer is a party to contracts with a number of third parties that have agreed to perform certain services in relation to the Bonds.

For example, the Servicer has agreed to provide services in respect of the Loan Agreement and the Bonds under the Services Agreement (which include, among other things, the provision of certain servicing and cash management services to the Issuer and the forwarding of information to the Trustee received from the Charity and publishing such information on the Issuer’s website). Since the Issuer has no employees, it relies entirely on the Servicer to perform these services on its behalf.

The nature of such services provided by the Servicer is highly specialised and it may be difficult to identify a replacement service provider with the requisite skills and experience to perform these roles.

Disruptions in cash management or servicing arrangements which may be caused by the failure to appoint a successor servicer or a failure of the Servicer to carry out its services could lead to Bondholders incurring losses on the Bonds.

The Issuer will rely on the Servicer to carry out certain obligations of the Issuer under the respective agreements to which it is a party. In the event that the Servicer were to fail to perform its obligations under the Services Agreement, the Bonds may be adversely affected. In particular, the failure of the Servicer to deliver or publish information received from the Charity on behalf of the Issuer where it is obliged to do so could lead to losses on the Bonds.

Bondholders cannot rely on any person other than the Issuer to make payments on the Bonds

No recourse under any obligation, covenant or agreement of the Issuer under the Bonds shall be made against any director or member of the Issuer as such, it being understood that the obligations of the Issuer under the Bonds are corporate obligations of the Issuer, and no personal liability shall attach to, or be incurred by, the directors or members of the Issuer as such, under or by reason of any such obligations, covenants and agreements of the Issuer.

No ability to appoint an administrative receiver in respect of the Issuer

The security granted by the Issuer to the Trustee will not entitle the Trustee to appoint an administrative receiver. Therefore, if the Issuer were to be subject to administration proceedings, the Trustee would have no ability to block such administration. As a result, if such administration proceedings were commenced in respect of the Issuer, the enforcement of the security by the Trustee may be subject to an administration moratorium, which would result in such enforcement, and therefore the ability for the Bondholders to recover against the Issuer, being postponed for a period of time.

For a description of certain risks which may affect the Charity's ability to make payments due under the Loan Agreement, see "*Factors that may affect the Charity's ability to fulfil its obligations under the Loan Agreement*" below.

FACTORS THAT MAY AFFECT THE CHARITY'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE LOAN AGREEMENT

Rental income on the properties of the Charity and housing benefit

The principal source of income for the Charity is rental income generated by its property portfolio. A large proportion of the rent received by the Charity is derived from housing benefit payable by local authorities. Aside from any risks associated with welfare reform as set out below, if the Government were to change the legislation in relation to housing benefit which caused a reduction or cessation of housing benefit, then this may have an adverse impact on the payment of rent, as the relevant tenants would have to pay a higher proportion of the rent themselves.

Payments of housing benefit by local authorities may be delayed as a result of, among other things, the need to establish a new claimant's entitlement. The receipt of rental income by the Charity may be delayed by the failure of the tenant to pay rent which is due in addition to the housing benefit and/or, in circumstances where the housing benefit is not paid directly to the Charity by the local authority, a failure to pass on the housing benefit payments to the Charity. The non-payment, or any delay in payment of material amounts of rental income, could affect the ability of the Charity to meet its obligations under the Loan Agreement. The Charity generally experiences a very low level of bad debts, which is in part due to the fact that the majority of tenants who receive housing benefit have opted for it to be paid directly to the Charity.

As the Charity provides specialist supported housing, its tenants are able to claim their rent under specific exempt accommodation regulations within housing benefit. The Charity has a strong track record in supporting tenants to claim their full entitlement to meet their housing costs. Whilst future changes to housing benefit regulations cannot be predicted, the Government has stated that it recognises the value of supported housing and accepts that housing costs in this area can be higher.

Housing benefit is the process of being integrated into Universal Credit. See also "*Risk Factors – Welfare Reform Act 2012*" below.

The Government announced in a Consultation Paper in November 2016 that it proposed to change the way that supported housing is financed. The proposal was that from April 2019 housing benefit/Universal Credit would be capped at the amount of the applicable Local Housing Allowance ("**LHA**") and the Government would make

“top-up” funding available to be used for supported housing costs above the LHA rate. However, on 31 October 2017, the Government published a further Policy Statement which stated that the LHA cap would not be applied to long-term supported housing, including housing for people with a learning disability. The paper stated “As LHA rates will no longer apply to the social sector, we will continue to fund 100 per cent. of housing costs (rent and eligible service charges) for long-term supported housing through the welfare system (Housing Benefit/ Universal Credit), subject to the benefit rules”.

The Government has previously emphasised that securing appropriate stable funding for supported housing is an urgent priority for it, stating, in its November 2016 Consultation Paper, that “we recognise the vital importance of ensuring that providers are able to develop new much needed, supported housing and we want the long term funding model to support this” and that “supported housing provides vital support to some of our country’s most vulnerable people”.

While the recent statements from the Government are very positive in relation to long-term supported housing, any change in the future to the Government’s current policy on supported housing expenditure could have an adverse impact on the Charity’s income.

The Charity will not be able to collect rental income on any properties that are long-term vacant

It is possible that the Charity could experience significant periods where certain of the Charity’s properties are vacant, which would mean that the Charity would not receive rent on such properties. This could result in a reduction of the profitability of the Charity, which may mean that the Charity is unable to repay its liabilities when due, including those under the Loan Agreement. The Charity has in place an experienced management team with a strong track record of obtaining new tenants for any empty properties and, in the event of any serious long-term vacancy, the Charity may also be able to sell the relevant property. The Charity’s unpaid vacancies for the past three financial years averaged 3.9 per cent. in the year to 31 March 2015, 5.4 per cent. in the year to 31 March 2016 and 5.3 per cent. in the year to 31 March 2017, each of which was within the Charity’s target.

The Charity could cease to receive support from Mencap

The Royal Mencap Society (“**Mencap**”) has provided a 25 year secured loan to the Charity. Mencap does not provide any other guarantees or other credit support to the Charity. Mencap is the largest support provider for the Charity’s tenants, with approximately 36 per cent. of tenants being supported by Mencap.

There has been recent press coverage of potential reduced investment and job losses at Mencap as a result of increased liabilities resulting from a recent employment tribunal decision and a change in policy by HM Revenue & Customs (“**HMRC**”) with respect to the enforcement of national living wage legislation. The decision and change in policy relate to the remuneration of care workers who are required to sleep-in overnight at their place of work in case of emergencies. The result of the decision by the employment tribunal and HMRC (the “**sleep-in changes**”) is that care workers should be subject to the national living wage regulations for the duration of time when they are required to be at their workplace overnight even when they may be asleep. Previously workers would receive a flat rate payment. In addition, care workers may be able to claim back pay for sleep-ins going back up to six years. These potential liabilities would not be liabilities of the Charity and the Charity does not expect any direct financial impact to it as a result of the sleep-in changes. However, although not expected, any disruption at Mencap as a result of this issue impacting, for example, its ability to provide any of its existing services to the Charity could lead to temporary operational disruption for the Charity.

In particular, the Charity benefits from various services provided by Mencap, including a shared head-office space, finance, human resources and information technology. All of these services are charged at cost and there is a risk that Mencap could stop providing such support services and end the arrangement.

Although the Charity is confident that it could purchase such services from another provider, the Charity may face some additional costs if purchasing them from an unrelated third party and, in addition, the transition could lead to some temporary disruption for the Charity.

All of the Charity's staff are employed by Mencap and seconded to the Charity and recharged at cost to the Charity. The Charity does not therefore have ultimate control over the employment contracts of its staff and there is a risk that Mencap might terminate the secondment of one or more such employees if the Charity is in breach of the relevant secondment agreement or by written notice. The Charity funds staff salaries directly and does not expect its staff to be affected by any job losses at Mencap as a result of the sleep-in changes.

The Charity was established by Mencap in 1998 and Mencap is the sole member of the Charity, which exists to further compatible charitable objects. Due to this, and because Mencap receives payment for the services it provides to the Charity, it is unlikely that Mencap would seek to end the arrangements described above unless it became unable to continue to provide those services, such as in the event of extreme financial difficulty.

The Charity may not be able to rely on its current sources of loan financing or on acceptable loan financing being available in the future

The Charity has existing secured and unsecured loan facilities and it may wish to take out additional loan facilities in the future for the purpose of acquiring new properties or refinancing existing borrowings (see further "*The Charity has a number of secured creditors*"). The Charity could find itself unable to access sources of funding at suitable interest rates if bank or building society lines become unavailable to the Charity, for example if there were a change in lender attitude due to a change in the lender's policy or if the Charity were not able to agree satisfactory future lending terms. The Charity may not be able to gain access to bank or building society loans on such favourable terms, which would result in an increase in debt funding costs for the Charity and may affect the ability of the Charity to meet its obligations under the Loan Agreement. The Charity is not reliant on obtaining future loan financing, however, in order to maintain its financial security. To mitigate the risk in respect of existing loan financing, the Charity has taken out long-term loan facilities, which means that there is little risk to the financing of the Charity in the short term. The Charity has also taken out loans with a range of different banks on sustainable terms and has developed strong long-term relationships with its principal lenders. In addition, Mencap is one of the principal sources of loan financing for the Charity.

The Charity is also subject to interest rate risk in respect of its variable-rate borrowing. Any increase in interest rates could impact upon the surpluses generated by the Charity and its ability to comply with its payment obligations or agreed covenants which it is required to maintain pursuant to the terms of its current financing arrangements, or its ability to raise any future bank or building society debt. As at July 2017, approximately 71 per cent. of the Charity's borrowings were fixed-rate debt.

The Charity faces risks in connection with grant funding it has received

The Charity has previously received grant funding from a diverse number of sources, including local authorities and Primary Care Trusts, in order to purchase properties. Most of these grants contain conditions that the grant is repayable on the sale of the property funded by that grant, or if the Charity failed to maintain or insure the property, or if the Charity became insolvent. The Charity currently has no intention to sell any property that would trigger a repayment of a grant and, as part of its standard processes, ensures that the properties are insured and maintained to a high standard. Further, if the Charity were to sell a relevant property, the proceeds of the sale could be used to repay the relevant grant. Over 75 per cent. of the Charity's properties have not been funded through grants and are therefore not affected by these provisions. The Charity is not reliant on the future receipt of any individual grants and there would be no impact on the Charity if it did not receive any further grant funding in the future.

The Charity is exposed to developments in the UK real estate market

The Charity has a portfolio of freehold and leasehold properties in the UK, which the Charity rents to tenants who are individuals with a learning disability. The Charity is therefore exposed to developments in the residential property market in the UK. A collapse in the property market across the UK could result in a significant write-down in the value of the portfolio. While the Charity does not rely on the capital value of its portfolio for operational purposes, the general loan financing of the Charity is secured against the portfolio (for the avoidance of doubt, the Charity's obligations under the Loan Agreement are not secured against any asset of the Charity or such portfolio), and a very substantial drop in the value of the portfolio could lead to a breach by the Charity of its loan financing covenants, the net asset covenant under the bonds that the Charity has previously issued or the net asset covenant under the Loan Agreement.

The Charity is also exposed to market risks on the acquisition of residential properties, which include the economic environment and the risk of changes to government regulation, including regulation relating to planning, taxation, landlords, tenants and welfare benefits (as described further below). Furthermore, the ability of the Charity to maintain existing properties and acquire further properties may be subject to economic and political conditions and the availability of financing on suitable terms to the Charity.

Among other things, these market risks may impact upon the expenses incurred by the Charity associated with existing residential properties, rental income produced by these properties, the value of its existing investments and its ability to acquire additional properties. This could, in turn, impact upon the Charity's cash flow and therefore its ability to make repayments of the Loan and its ability to satisfy any covenants which it is required to maintain pursuant to the terms of its financing arrangements.

The Charity is heavily reliant on its key management team

The success of the Charity is largely dependent on the contribution of its management team, who are employed by Mencap and seconded to the Charity, as outlined in the risk factor "*The Charity could cease to receive support from Mencap*" above. If any of these individuals were not involved with the Charity in the future, this may have a negative impact on the financial performance of the Charity, and therefore its ability to make its payments under the Loan Agreement. However, in mitigation of this, the Charity is able to rely on its position as a longstanding national charity with a high public profile. This means that the Charity is confident that, were any of its management team to leave the Charity, it should be able to recruit an individual with the right area and level of skills to join the Charity as a replacement. In addition, the Charity is currently able to call upon the assistance of the human resources team at Mencap. Mencap employs over 5,000 employees with a range of expertise and experience that complement and support the work of the Charity.

Welfare Reform Act 2012

The Welfare Reform Act 2012 (the "Act") sets out significant changes to the welfare benefits system, including housing benefit and Disability Living Allowance ("DLA"). The Act introduced a total household benefit cap, which was set at £26,000 per year for couples and lone parents, and £18,200 per year for single people without children. This does not impact on the Charity because certain disability benefits are excluded from the cap, and housing benefit for people living in supported housing such as that provided by the Charity is also excluded. New occupation size criteria for working age tenants occupying social housing and in receipt of housing benefit has also been introduced. These were initially introduced as an amendment to the existing Housing Benefit Regulations, but there are provisions with the same effect contained within the Universal Credit Regulations 2013 and, as such, no change to the operation of the occupation size criteria would occur if the Regulations remain as drafted.

The under-occupation penalty (known as the "bedroom tax") was brought into force in April 2013 and reduces the amount of housing benefit (or the housing element of Universal Credit which will replace it) received by those who are deemed to have extra bedrooms by 14 per cent. where a household has one extra bedroom, and 25 per cent. where there are two or more extra bedrooms. Due to the fact that almost all of the tenants of the

Charity's properties have learning disabilities, the majority of them are not affected by the "bedroom tax" as they will be entitled to an extra room for a non-resident overnight carer.

In addition, as a provider of exempt accommodation, the Charity's tenants fall outside the regulations for size criteria in relation to Universal Credit.

In addition, when the Charity analysed the potential effect on its tenants of the worst-case scenario (i.e. circumstances in which the size criteria applied to all tenants), just 26 were identified (from approximately 1,300) who could be affected, being tenants who live in their own house/flat, have more than one bedroom, and do not have sleep-over support.

Under the Act, the Personal Independence Payment ("PIP") is being rolled out to replace the DLA for eligible people. The vast majority of the Charity's tenants receive some level of PIP or DLA to help with their increased living expenses. If such support were to cease or be reduced, then this is likely to have an adverse impact on the disposable income of tenants, which may affect or delay their ability to meet any top-up rental payment if their rent is not met in full by housing benefit. However, part of the motivation behind the introduction of PIP is to ensure that benefits are focused on supporting those people with the greatest need.

The Charity has a number of secured creditors

The Charity has entered into a number of secured loans (the "**Secured Loans**"). The Charity has also entered into a number of unsecured loans (including a loan from the Issuer entered into on 29 July 2014) and intends to enter into a further unsecured loan pursuant to the Loan Agreement (the "**Unsecured Loans**"). Creditors in respect of secured borrowings of the Charity, including the Secured Loans ("**Secured Creditors**") have the benefit of security over certain of the assets of the Charity in priority to unsecured creditors of the Charity, including the creditors in respect of the Unsecured Loans. Accordingly on the insolvency or winding-up of the Charity the Issuer's rights under the Loan Agreement will rank behind the claims of any Secured Creditors which may mean that the Issuer is not repaid in full (or at all) if the assets of the Charity are insufficient to enable it to repay in full all of its Secured Creditors and all of its Unsecured Creditors. Since the Issuer's only material assets corresponding to the Bonds will be its rights under the Loan Agreement (see "*The Issuer's only material assets corresponding to the Bonds will be its rights under the Loan Agreement and, accordingly, investors in the Bonds will take credit risk on the Charity*"), any loss sustained by the Issuer on the insolvency or winding-up of the Charity will, in turn, have an adverse impact on the Issuer's ability to make payments in respect of the Bonds.

A failure to comply with applicable laws and compliance requirements

The Charity knows the significance to its operations of, and is focused on, adhering to all legal and compliance legislation. At the date of this Prospectus, the Charity is not aware of any material failure to adhere to applicable health and safety or environmental laws, litigation or breach of regulatory laws, or failure to comply with corporate, employee or taxation laws. Furthermore, it has the benefit of insurance, for, among other things, employer's liability, public liability and professional indemnity at a level which the management of the Charity considers to be prudent for the type of business in which the Charity is engaged. However, if any breach or failure to comply with relevant laws and regulations were to occur, this could have an adverse impact on the Charity's results of operations, which may adversely impact the Charity's ability to meet its obligations under the Loan Agreement. This would, in turn, impact the Issuer's ability to make payments in respect of the Bonds.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE BONDS

Risks relating to the particular structure and nature of the Bonds

In certain circumstances, repayment of the Bonds may be deferred to a later date, and such deferral will not constitute a default under the terms of the Bonds provided the Bonds are repaid no later than 23 November 2029 (the “Legal Maturity Date”)

The Loan Agreement will provide for repayment of the loan by the Charity on 23 November 2027 (the “**Expected Maturity Date**”). However, the terms of the Bonds provide that, if the Charity is unable to repay the loan in full on the Expected Maturity Date, the principal amount of the Bonds corresponding to the unpaid amount of the loan will not become due and payable on the Expected Maturity Date and will be deferred. Such deferral will not constitute an event of default under the Bonds. If the Charity fails to repay the loan on the Expected Maturity Date and repayment is deferred until the Legal Maturity Date (as defined below), under the terms of the loan the Charity will be required to make additional interest payments at the rate of 1.00 per cent. per annum. This means that the interest payments on the Bonds from 23 November 2027 will also increase by 1.00 per cent. per annum. In such circumstances, the deferred amounts of principal in respect of the Bonds will be paid to the holders of the Bonds on 23 November 2029 (the “**Legal Maturity Date**”).

Accordingly, investors in the Bonds may not be repaid their investment on the Expected Maturity Date, and will not be entitled to take action to enforce the Bonds unless the full principal amount outstanding on the Bonds has not been repaid by the Legal Maturity Date.

The Bonds are not protected by the Financial Services Compensation Scheme

The FSCS is the UK statutory compensation fund of last resort for customers of authorised financial services firms. In the event of the failure of a bank or certain other institutions, the customers of the relevant institution may be able to obtain compensation from the FSCS for certain of their losses. For example, deposits in a bank account are protected by the FSCS up to certain limits.

However, unlike a bank deposit, the Bonds are not protected by the FSCS. If the Issuer is unable to pay any amounts in respect of the Bonds, investors will have no recourse to the FSCS for compensation or any other amounts. If the Issuer or the Charity go out of business or become insolvent, investors may lose all or part of their investment in the Bonds.

Investors in the Bonds will have limited recourse to the assets of the Issuer in the event that it fails to make any payments on the Bonds and, further, the rights of enforcement for investors are limited, including that there are restrictions on the ability of investors to petition for bankruptcy of the Issuer

The Bonds are limited recourse obligations of the Issuer and are payable solely from the proceeds of the charged assets. The charged assets are, in general terms, the Issuer’s rights under the Loan Agreement and certain related rights under the Issuance Facility Documents (the “**Charged Assets**”).

If the Charity fails to make payments under the Loan Agreement and following the occurrence of an event of default under the Bonds, the Trustee (acting on the instructions of the Bondholders) takes action against the Charity to enforce the Loan Agreement, then any amounts received by the Issuer in respect of the Charged Assets would be available for the Trustee and other priority-ranking parties under the established issuance facility, as well as (if sufficient monies are received) for making payments in respect of the Bonds. However, if payments on the Charged Assets are insufficient to enable the Issuer to make payments to such secured parties and to make full payment in respect of the Bonds, no other assets of the Issuer will be available for payment of any shortfall to the Bondholders. If such a shortfall remains following enforcement and/or realisation of the Charged Assets, no further amounts will be payable to Bondholders and no debt shall be owed by the Issuer in respect of any such shortfall.

Investors should note that pursuant to the Loan Agreement the Charity is required to pay to the Issuer amounts representing the arrangement fee pursuant to the Loan Agreement. Such amounts in respect of the arrangement fee are required to be paid in order of priority ahead of the payment of amounts of interest and principal due on the Loan. In the event insufficient amounts are available in order to pay such amounts, the Servicer is entitled to apply amounts that would have otherwise been available for payments of principal and interest on the Bonds towards the payment of such amounts which may lead to a shortfall of payments of principal or interest on the Bonds leading to losses on the Bonds. Investors are referred to Condition 6.1 in this regard.

None of the Bondholders or the other secured parties shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, examination, arrangement, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the issuance of the Bonds, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation thereto and provided that the Trustee may enforce the security over the Charged Assets and appoint a receiver in accordance with the provisions of the Trust Deed.

Bondholders will have no direct recourse to the Charity or Mencap in the event that the Charity fails to make payments under the Loan Agreement

The Issuer will assign by way of security its rights, title and interest in the Loan Agreement in favour of the Trustee for the benefit of the Bondholders (and certain other secured parties under the established issuance facility), and the Trustee may enforce the security over the Charged Assets including taking action against the Charity on behalf of the Bondholders. However, the Bondholders will not have any direct recourse against the Charity or Mencap in respect of any failure by the Charity to make payments under the Loan Agreement.

As a function of the logistical challenges in organising a large number of disparate investors, the terms and conditions of the Bonds provide that the Trustee will not be bound to take any such enforcement action unless it has been indemnified and/or secured and/or pre-funded to its satisfaction. It may not be possible for Bondholders to arrange for the Trustee to be so indemnified or secured or pre-funded, which may result in a delay or failure by the Trustee to take enforcement action and Bondholders may incur losses on the Bonds.

The Servicer is under no obligation to take enforcement action in relation to the Loan Agreement

The Servicer does not have any duties in relation to taking enforcement action or seeking to make recoveries under the Loan Agreement. In the event that the Charity has defaulted under the Loan Agreement giving rise to the occurrence of an event of default in respect of the Bonds, the Trustee (subject to it being indemnified, secured and/or pre-funded to its satisfaction and acting on the instructions of Bondholders in accordance with the Trust Deed and the terms and conditions of the Bonds) shall be responsible for accelerating the Loan Agreement and taking action against the Charity to enforce the Issuer's rights under the Loan Agreement (including, without limitation, the appointment of a receiver in respect of the Loan Agreement). Investors should note that the Issuer is not responsible for and will not itself enforce the terms of, or seek to make recoveries under, the Loan Agreement.

The Bonds pay a fixed rate of interest, and the value of the Bonds may therefore be affected by changes in prevailing interest rates in the market

The Bonds bear interest at a fixed rate. Investors should note that, if interest rates available in the market generally start to rise, then the income to be paid by the Bonds might become less attractive and the price the investors get if they sell such Bonds could fall. However, the market price of the Bonds has no effect on the interest amounts due on the Bonds or what investors will be due to be repaid at maturity of the Bonds if the Bonds are held by the investors until maturity. Investors should also note that inflation will reduce the real value of the Bonds over time, which may affect what investors can buy with their investments in the future and which may make the fixed interest rate on the Bonds less attractive in the future.

Neither the Bonds nor the Loan Agreement contains a gross-up provision requiring the Issuer or the Charity to pay any additional amounts to Bondholders or, in the case of the Loan Agreement, the Issuer, to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Loan Agreement or the Bonds

The Issuer will not be obliged to pay any additional amounts to Bondholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Bonds by the Issuer or The Bank of New York Mellon, London Branch (the “**Paying Agent**”). Neither will the Charity be obliged to pay any additional amounts to the Issuer to reimburse the Issuer for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Loan Agreement by the Charity. However, in such circumstances, the Charity will be required to take such reasonable steps to ensure that the gross amount of all payments due in respect of the Loan Agreement is paid to the Issuer (in its capacity as Lender under the Loan Agreement). In the event of a withholding or deduction for or on account of tax in respect of payments due on the loan by the Charity resulting in a shortfall in the amounts available to the Issuer to satisfy amounts of interest due on the Bonds, an amount equal to such shortfall will be deferred in accordance with Condition 8.5. Furthermore, unless the Issuer is able to recover in full any amounts so withheld or deducted by way of a refund from the relevant tax authority, the Issuer is unlikely to have sufficient funds available to satisfy any such deferred amounts in full.

Accordingly, in the event of a change of tax law, there may be an adverse effect on the amount of principal or interest receivable by Bondholders under the terms of the Bonds.

The provisions of the Bonds provide for modification of the terms of the Bonds and the waiver of certain rights, in certain circumstances without the consent of the Bondholders

The conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders and without regard to the interests of particular Bondholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds, or (ii) determine without the consent of the Bondholders that any event of default shall not be treated as such where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders to do so or may agree without Bondholder consent to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

The Issuer expects to benefit from specific UK tax treatment given the specific nature of the transactions it conducts. However, if the Issuer does not benefit, or ceases to benefit, from such tax treatment, the Issuer’s ability to make payments in full on the Bonds may be adversely affected

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as set out in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the “**Securitisation Regulations**”)), and as such should be taxed only on the amount of its “retained profit” (as that term is defined in the Securitisation Regulations), for so long as it satisfies the conditions of the Securitisation Regulations. However, if the Issuer does not satisfy the conditions to be taxed in accordance with the Securitisation Regulations (or subsequently ceases to satisfy those conditions), then the Issuer could be subject to additional tax liabilities not contemplated in the cash flows for the transaction described in this Prospectus which could adversely affect its ability to make payments on the Bonds and may result in investors receiving less interest and/or principal than expected.

In addition, even if the Issuer does satisfy the conditions to be taxed in accordance with the Securitisation Regulations, in certain limited circumstances taxes which are due from but remain unpaid by persons connected

with the Issuer for certain tax purposes (such as Holdings, persons who control Holdings, and persons controlled by any of them) may become payable by the Issuer, which could adversely affect its ability to make payments on the Bonds and may result in investors receiving less interest and/or principal than expected.

Withholding tax on the Bonds

Provided that the Bonds carry a right to interest and are and continue to be “listed on a recognised stock exchange” (within the meaning of section 1005 of the Income Tax Act 2007), as at the date of this Prospectus no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on the Bonds. However, there can be no assurance that the law in this area will not change during the life of the Bonds and pursuant to Condition 11 the Issuer shall withhold or deduct from any such payments any amounts on account of tax where so required by applicable law. Neither the Issuer nor any other person is required to make any “gross up” payments or otherwise compensate the Bondholders in respect of any withholding tax applied in respect of payments on the Bonds.

Change of law

The conditions of the Bonds are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus, and any such change could materially adversely impact the value of any Bonds affected by it.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Bonds do not have an established trading market when issued, and one may never develop. Whilst the Issuer has made an application for the Bonds to be admitted to the London Stock Exchange’s electronic Order book for Retail Bonds (the “ORB”) and one or more market makers on the ORB will be appointed in respect of the Bonds, there can be no guarantee that a significant market in the Bonds will develop. If a market for the Bonds does develop, it may not be very liquid. Further, whilst the market maker(s) in respect of the Bonds will be required to quote buy and sell prices during normal business hours, there is no restriction on the prices which they can quote. If the secondary market in the Bonds is not liquid, the prices quoted may be unfavourable to investors, and the prices quoted over time may be volatile. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. There is no guarantee of what the market price for selling or buying the Bonds will be at any time. Any actual or perceived weaknesses in the creditworthiness of the Issuer or the Charity, the absence of a liquid market in the Bonds and prevailing market conditions generally can all affect the market price of the Bonds and, accordingly, if an investor in the Bonds elects or is required to sell its Bonds in the market, it may achieve a price for its Bonds which is significantly lower than the price it paid for them.

Exchange rate risk and exchange controls

The Issuer will pay principal and interest on the Bonds in sterling. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “Investor’s Currency”) other than sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to sterling would decrease (1) the Investor’s Currency-equivalent yield on the Bonds, (2) the Investor’s Currency-equivalent value of the principal payable on the Bonds, and (3) the Investor’s Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Risks relating to holding interests in the Bonds through CREST Depository Interests

You may hold the Bonds through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”). CREST allows bondholders to hold bonds in a dematerialised form, rather than holding physical bonds. Instead of issuing physical bonds, CREST issues what are known as depository interests which are held and transferred through CREST (“**CDIs**”), representing the interests in the relevant Bonds underlying the CDIs (the “**Underlying Bonds**”). Holders of CDIs (the “**CDI Holders**”) will not be the legal owners of the Underlying Bonds. The rights of CDI Holders to the Underlying Bonds are represented by the relevant entitlements against CREST Depository Limited (the “**CREST Depository**”) through which CREST International Nominees Limited holds interests in the Underlying Bonds. Accordingly, rights under the Underlying Bonds cannot be enforced by CDI Holders directly against the Issuer; instead they must be enforced through CREST. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Bonds in the event of any insolvency or liquidation of CREST, in particular where the Underlying Bonds held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of CREST.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the “**CREST Deed Poll**”). You should note that the provisions of the CREST Deed Poll, the CREST International Manual dated 14 April 2008, as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”), and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Bonds which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (the “**CREST International Settlement Links Service**”). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Bonds through the CREST International Settlement Links Service.

You should note that none of the Issuer, the Charity, Peel Hunt LLP (the “**Manager**”), the Trustee or the Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

3

DESCRIPTION OF THE CHARITY

This section sets out information about the Charity.

DESCRIPTION OF THE CHARITY

The Charity is Golden Lane Housing Ltd, a charitable company limited by guarantee incorporated in England and Wales with registered number 03597323 on 14 July 1998 under the Companies Act 2006. The Charity is registered with the Charity Commission with registered charity number 1071097. The Charity is a Registered Provider with the Homes and Communities Agency, registration number 4803.

The registered address of the Charity is 123 Golden Lane, London EC1Y 0RT. The telephone number of its head office is 0300 003 7007. The Charity has no subsidiaries.

Background and overview

The sole member and parent of the Charity is the Royal Mencap Society (“**Mencap**”), a private company limited by guarantee incorporated in England and Wales with registered number 00550457 and a registered charity with the Charity Commission with registered charity number 222377.

The Charity was established by Mencap in 1998 to provide quality homes to people with learning disabilities. To date, the Charity’s operations have been exclusively in England, Wales and Northern Ireland.

One of the biggest challenges facing people with a learning disability in the UK is lack of access to suitable supported accommodation. Due to the chronic housing shortage in the UK, a significant number of people with a learning disability live in unsuitable residential institutions or with elderly parents and carers, and as a result face an uncertain future. Local authority accommodation is in short supply and, with limited choice available, individuals often have to move into accommodation far away from friends and family. The Charity aims to provide people with a learning disability with the opportunity to live in the right house, in the right place, with the right support so that they can prosper, develop their independence and skills and contribute to their communities.

What is a learning disability?

A learning disability is a reduced intellectual ability, which typically affects an individual for their entire life. People with a learning disability often take longer to learn and may need support with aspects of their everyday life including managing money, household tasks or socialising. The level of support required depends on the severity of the individual’s learning disability. Those with severe or profound learning disabilities often need full-time care and support with all aspects of their life including eating, dressing and personal care. People with a learning disability often also have physical disabilities and may also be more vulnerable to mental health problems.

People with specific conditions such as Down’s syndrome and autism can also have a learning disability.

Principal activities of the Charity

Since its inception, the Charity has built up a substantial property portfolio and currently houses over 1,600 tenants (as at 31 March 2017) with a learning disability in both its owned and leasehold properties. Its main activities are:

- (a) the ownership and leasing of 798 homes, providing housing for 1,645 tenants with a learning disability in the UK (in each case as at 31 March 2017); and
- (b) the provision of specialist services to its tenants in partnership with other care providers, including Mencap. This includes providing bespoke adaptations to the properties to meet the needs of the tenants.

Underpinning the Charity's principal activities are the four core objectives (CORE) which the Charity aims to achieve for all of its tenants:

- (a) **Choice** – to live where and with whom they want.
- (b) **Opportunity** – to build new lives from the secure base that a home provided by the Charity affords.
- (c) **Respect** – to receive and earn respect from the local community.
- (d) **Empowerment** – to make real decisions about their own future.

Business model

The principal source of income of the Charity is rent from its tenants in return for provision of accommodation and specialist landlord services. These services range from housing management and maintenance services tailored to the needs of people with a learning disability (including a 24 hour repairs help line) to advice and guidance to families, individuals, carers and social care professionals on housing related issues.

Tenants typically rely on housing benefit to help them meet their rent obligations. Most tenants opt to have their benefit paid directly to the Charity by the relevant local authority. The Charity uses this rent to fund the costs of managing and maintaining the properties, and the costs of servicing capital. Proposed changes in the legislation relating to housing benefit could have an adverse impact on the ability of tenants to meet their rent obligations. See "*Risk Factors – Rental income on the properties of the Charity and housing benefit*".

The Charity works very closely with over 100 support providers. Mencap is currently the support provider for approximately 36 per cent. of the Charity's tenants. Each of the other support providers works with a much smaller percentage of the Charity's tenants. The support providers are all regulated by the Care Quality Commission. They are appointed and paid directly under contracts with the relevant social service and health authorities.

The Charity became registered as a registered provider of social housing with the Homes and Communities Agency (the "HCA") on 15 January 2015. Following an In-Depth Assessment by the HCA, the Charity was awarded the HCA's highest ratings of G1 (Governance) and V1 (Financial Viability). During the HCA's annual In-Depth Assessment, they looked at five areas that determined the rating for governance and financial viability and concluded that the Charity should be given the highest grade in both categories.

Mencap and sleep-in changes

There has been recent press coverage of potential reduced investment and job losses at Mencap as a result of increased liabilities resulting from a recent employment tribunal decision and a change in policy by HMRC with respect to the enforcement of national living wage legislation as described in “*Risk Factors – The Charity could cease to receive support from Mencap*”. Care workers may be able to claim back pay for sleep-ins going back up to six years. Mencap has reportedly estimated its liability associated with such claims at £20 million.

These potential liabilities would not be the Charity’s liabilities, but liabilities of Mencap. Moreover, the support providers are appointed and paid directly under contracts with the relevant social service and health authorities such that, to the extent any support provider who currently works with the Charity’s tenants is no longer able to provide support, the relevant authority would have to procure a different support provider pursuant to its obligations under the Care Act 2014. As such, the Charity does not expect any direct financial impact to it as a result of the sleep-in changes. However, although not expected, any disruption at Mencap could lead to temporary operational disruption for the Charity.

Products and services

The Charity has developed a number of ways to provide housing and related services to people with a learning disability and their families, including:

- (a) **Ordinary Houses in Ordinary Streets (“OHOS”)**. OHOS is the core business of the Charity and involves the purchase of high-quality freehold housing tailored to meet an individual tenant’s specific needs. OHOS is particularly suited to people with higher needs because the freehold ownership allows the Charity to make bespoke property adaptations and provide long-term security of tenure for the individual. Currently 61 per cent. of the Charity’s tenants are housed through OHOS and the Charity’s aim is to continue to invest in this product using the proceeds of the Loan.
- (b) **Great Tenants**. The Charity’s Great Tenants product involves the Charity renting properties from private sector landlords and then sub-letting them to people with a learning disability. Through Great Tenants, the Charity acts as a bridge between the private rented sector and people with a learning disability which means it can ensure that people in need benefit from high quality housing and the peace of mind of knowing the Charity is their landlord. Great Tenants has been a successful product for the Charity in recent years; however, due to lease restrictions it is not always appropriate for those tenants with higher needs who require adaptations and security of tenure. Currently some 38 per cent. of the Charity’s tenants use the Great Tenants product.
- (c) **Our House**. This product was launched in 2012 and is aimed at helping families make long-term plans through the use of legacies and family trusts. Many families want to leave their family home or purchase a property for their loved ones as a way of planning for the future and ensuring long-term housing security. Our House allows families to ensure the wellbeing of a loved one in the future, whilst also retaining the Charity to manage and maintain the property. The Charity and Mencap are also experienced in helping families to plan for the future through the use of discretionary trusts.
- (d) **My Place**. This product gives people with a learning disability the opportunity to secure the home they need through joint investment in their chosen property by families and individuals alongside the Charity. This is achieved through a Deed of Trust between the Charity and the family. As with the OHOS model above, the Charity owns the property and provides all housing management, maintenance and specialist landlord services. If the property is no longer needed to provide a home for the person with a learning disability, then the property may be sold and the joint investment element returned to the family.

Use of proceeds

The Charity will use the proceeds of the issue of the Bonds to further its charitable objects, including, but not limited to, the re-financing of a previous bond issue and the acquisition and adaptation of housing for people with a learning disability.

Financial summary

The Charity has generated a consistent income and expenditure surplus since its inception in 1998 and has a balance sheet comprising £28.6 million of net assets as at 31 March 2017. Based on this, the Charity believes it has a resilient and proven business model.

The report and financial statements for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 are appended to this Prospectus and a summary of the Charity's historical income and expenditure account and balance sheet, which has been extracted without material adjustment from such financial statements, is set out below.

Income and expenditure	Year 31 Mar 2015 Audited £'000	Year 31 Mar 2016 Audited £'000	Year 31 Mar 2017 Audited £'000
Income			
Rental income	11,346	12,368	13,566
Grants received	202	204	288
Gain or (Loss) on disposal of fixed assets	13	(28)	250
Other income	681	742	727
Total income	12,242	13,286	14,831
Costs			
Staff	(3,312)	(3,552)	(3,734)
Running costs	(3,087)	(3,553)	(3,995)
Repayment of grant			
Maintenance costs	(1,578)	(1,690)	(1,661)
Net Surplus before depreciation and interest	4,265	4,491	5,441
Depreciation	(777)	(895)	(986)
Loan interest	(1,050)	(968)	(1,020)
Bond interest	(725)	(879)	(879)
Net Surplus for the year as per SoFA	1,713	1,749	2,556
Net Surplus for the year (excluding grant & repayment of grant /loss / gains for property disposal)	1,498	1,573	2,018
Balance Sheet	Year 31 Mar 2015 Audited £'000	Year 31 Mar 2016 Audited £'000	Year 31 Mar 2017 Audited £'000
Fixed assets	85,482	89,168	90,097
Cash	4,862	7,403	8,090
Other current assets	820	1,146	1,135
Current assets	5,682	8,549	9,225
Current liabilities	(3,347)	(2,911)	(3,109)
Net current assets	2,335	5,638	6,116
Loans	(42,460)	(47,700)	(46,551)
Bonds	(21,000)	(21,000)	(21,000)
Creditors due after more than one year	(63,460)	(68,700)	(67,551)
Net assets	24,357	26,106	28,662
Unrestricted Funds	23,839	25,578	28,134
Restricted funds	518	528	528
Total Funds	24,357	26,106	28,662

The financial statements in Appendix E (“Charity’s Financial Statements For The Years Ended 31 March 2015, 31 March 2016 And 31 March 2017”) have been prepared in accordance with the Housing SORP 2014: Statement of Recommended Practice for social housing providers preparing their accounts in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Accounting Direction for Private Registered Providers of Social Housing 2015, the Companies Act 2006 and UK Generally Accepted Practice.

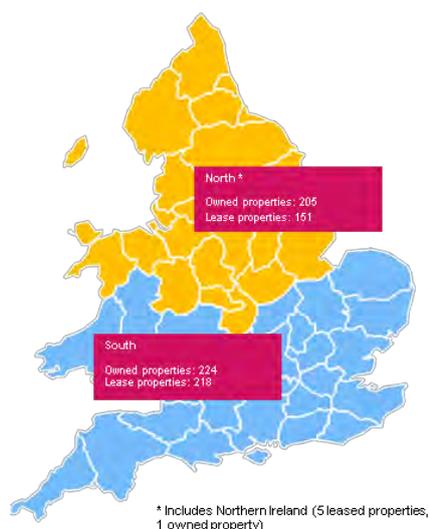
Property portfolio

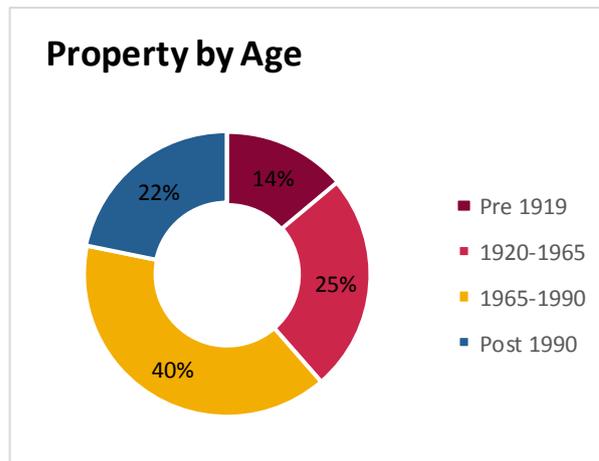
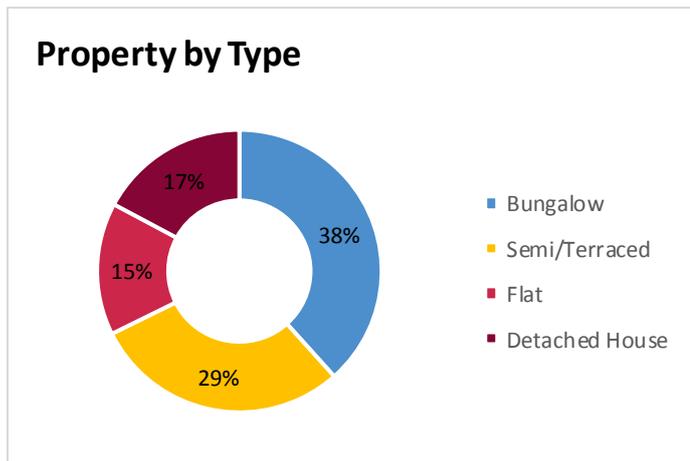
The properties owned by the Charity are usually located in good-quality residential areas. Unlike most other housing associations, the Charity does not own blocks of housing on estates, because each property owned by the Charity has been specifically obtained (and in many cases adapted) to meet the particular needs of individuals with a learning disability.

The Charity believes that people with a learning disability should be able to live in the neighbourhoods that they are familiar with so that they can be close to friends and family and familiar transport routes, and where they are known in their community.

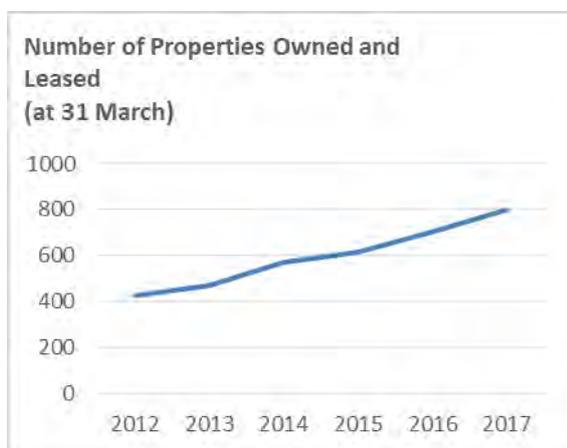
As at 31 March 2017, the Charity had a £98.1 million property portfolio (at historic cost) which comprises 429 freehold and long leasehold properties. In addition, 369 properties are leased from landlords on shorter leases. Below is a summary of the existing property portfolio as at 31 March 2017 which has been extracted from the management database of its property portfolio held and administered by the Charity.

		1 bed	2 bed	3 bed	4 bed	5 bed +	Total
Properties	Owned	139	99	109	62	20	429
	Leased	220	62	37	34	16	369
	Total	359	161	146	96	36	798
Tenants		364	315	406	364	196	1,645





Note: Figures do not add up to 100% due to rounding



Current financing arrangements of the Charity

The Charity currently has the following financing arrangements:

- (a) A loan agreement dated 2006 pursuant to which Triodos Bank provided to the Charity a loan facility of £6 million. The loan is to be repaid over 25 years on a reducing balance basis with repayments being monthly. The loan is secured and part of the loan bears interest at a variable-rate of 0.75 per cent. above The Royal Bank of Scotland plc base rate. In June 2013, the interest rate on the remainder of the loan was fixed for ten years at 3.34 per cent. per annum. The balance outstanding as at 31 March 2017 for that loan was £3,367,928 on the fixed rate part and £606,529 on the variable rate part.
- (b) A loan agreement dated 26 July 2007 pursuant to which Triodos Bank provided to the Charity a loan facility of £4 million. The loan is secured and is to be repaid over 25 years on a reducing balance basis with repayments being monthly. Part of the loan bears interest at a variable-rate of 0.75 per cent. above The Royal Bank of Scotland plc base rate. In June 2013, the interest rate on the remainder of the loan was fixed for ten years at 3.34 per cent. per annum. The balance outstanding as at 31 March 2017 for that loan was £2,119,072 on the fixed rate part and £319,898 on the variable rate part.
- (c) A loan agreement dated 30 June 2011 pursuant to which Triodos Bank provided to the Charity a term loan facility of £12 million and a revolving facility of £7 million. The term loan is secured and is to be repaid over 25 years on a reducing balance basis with repayments being monthly. The revolving facility is to be repaid over 20 years on a reducing balance basis with capital repayments, which commenced in 2016. The Charity can opt for a fixed interest rate or a variable-rate based on The Royal Bank of Scotland base rate plus 2.25 per cent. subject to a minimum lending rate of 3.5 per cent. per annum. In June 2013, the interest rate on part of the loan was fixed for ten years at 5.34 per cent. per annum and in May 2014 the interest rate on another part of the loan was fixed for 10 years at 5.41 per

cent. per annum. The balance outstanding as at 31 March 2017 for that loan was £7,899,508 on the fixed rate part and £2,673,620 on the variable rate part. The balance outstanding as at 31 March 2017 on the revolving facility was £6,727,892 on the variable rate part.

- (d) A loan agreement dated 18 June 2000 and supplemented by an agreement dated 17 May 2002 pursuant to which Nationwide Building Society provided to the Charity a loan facility of £20 million. The loan is secured and is to be repaid over 25 years by way of equal quarterly payments of capital and interest and bears interest at a fixed rate to be agreed from time to time between the Charity and Nationwide Building Society plus a margin of 1 per cent. and an associated costs rate of 0.01 per cent. The fixed rate has been agreed at 5.6 per cent. The balance outstanding as at 31 March 2017 was £777,171.
- (e) A loan agreement dated 1 April 2003 and supplemented by an agreement on 31 March 2006 pursuant to which Mencap provided to the Charity a loan facility of £9.15 million. The loan is secured and is to be repaid over 25 years by way of equal quarterly payments of capital and interest and bears interest at a variable-rate of 0.5 per cent. below the Barclays Bank base rate. The balance outstanding as at 31 March 2017 was £3,812,757.
- (f) In 2014, the Charity received a loan which secured Retail Charity Bonds PLC's (listed) bonds totalling £11,000,000 and which bears interest at a rate of 4.375 per cent. per annum with a final maturity date of 29 July 2021.
- (g) The Charity issued £10,000,000 4 per cent. fixed rate bonds in 2013 (unlisted), with a final maturity date of 30 September 2018 (subject to early redemption at the option of the Charity). These bonds are unsecured debts of the Charity.
- (h) In addition as of 31st March 2017, the Charity has received £2,067,136 of shared investment contributions and £16,561,448 of capital grants which have been invested in properties. Both would be repayable upon disposal of the relevant jointly purchased asset. The Charity has also received £921,296 of shared ownership government grants which have been invested in properties. These grants would also be repayable upon disposal of the relevant asset.

In addition, the Charity intends to enter into a loan facility with The Royal Bank of Scotland plc, under which The Royal Bank of Scotland plc will make available to the Charity a loan facility of £20 million. The loan agreement is anticipated to be secured for a term of 10 years and any loan to be drawn under the loan agreement is anticipated to bear interest at approximately 1.75 per cent. above LIBOR, or a fixed rate to be agreed.

Material contracts

Other than the Issuance Facility Documents to which the Charity is a party, the Charity has entered into the following contract (not being a contract entered into in the ordinary course of business) which is, or may be, material:

A Memorandum of Understanding with Mencap dated 25 May 2016, which sets out: the terms of the secondment of employees from Mencap to the Charity; the governance arrangements and how Mencap will help the Charity meet the Homes and Communities Agency's regulatory requirements; details of the loan agreement between Mencap and the Charity; and the services provided by Mencap to the Charity for which the Charity pays a charge.

Board

The role of the board of trustees is to provide strategic leadership for the Charity and the board has responsibility for the governance, policy and finance of the Charity. The members of the board are appointed by Mencap, and are chosen to ensure a broad range of relevant experience and expertise within the sector in which the Charity operates. The trustees are also the directors of the Charity for the purposes of company law.

Louise Li, Chair

Louise is a qualified accountant and the EMEA Chief Operating Officer for a US bank based in London. Louise serves on many internal boards as part of her responsibilities and has 20 years' experience within the financial and professional service industries and international tax consulting. This includes an advisory role to senior executives and business lines within the organisations where she has worked. Louise is a founding member of her company's EMEA Women's Network and work experience programme.

Louise is married with two daughters and has sole responsibility for her brother, who has severe learning and physical disabilities.

Stephen Jack

Stephen is a chartered accountant who, in his executive career, held senior management positions in a number of international financial services organisations. From 2007 until its closure in 2015, he was chair of the Independent Living Fund. He is a director of Cambridge Building Society and MUFG Securities EMEA plc. He is also a director of Anchor Trust, a housing association that provides homes and care for elderly people. He was awarded an OBE in 2014 for services to disabled people.

Stephen has been a Mencap Trustee since 2014. He is chair of Mencap's Finance, Planning and Remuneration Committee and a member of the Audit and Risk Committee.

Stuart Kelly

Stuart was the chair of trustees of his local Mencap branch in Bromley for 17 years and was a trustee of Mencap for ten years. When he began, the organisation had one employee and offered limited services. He helped grow it to a thriving organisation with 30 employees delivering a range of services and campaigning for people with a learning disability in Bromley.

Stuart has also acted as interim chief executive officer at both the Enfield branch of Mencap and West Berkshire Advocacy Service. Stuart has been a trustee of the Charity since 2004.

Stuart has a son with Asperger's syndrome.

Simon Beddow

Simon is a solicitor and has been a partner with Ashurst LLP, an international law firm with its headquarters in London, since 1998. He specialises in corporate law with a particular focus on acquisitions and disposals of businesses by corporate entities and investment funds. He is currently the Managing Partner of the London office of Ashurst LLP which comprises approximately 950 people. Simon has previously been a member both of Ashurst's non-executive management board and its executive management team. Between 2005 and 2009 Simon managed Ashurst's offices in Frankfurt and Munich.

Simon joined the Charity's board of trustees in 2012.

Janet Brown

Janet has a background in teaching and before her subsequent retirement, was a head teacher of a large school. Janet has been an active member of her local Mencap group, and worked as the general manager and the Play and Activity Respite Scheme leader. Janet was the chair of her local Mencap group and became a trustee of both Mencap and the Charity in 2009.

Janet also served as the chair of Mid Essex Community Health Council and was appointed by the Essex Health Authority as a lay monitor to oversee the movement of people from the former long stay institutions into community residential settings. Janet has been a member of the Essex Partnership Board for 12 years.

Janet was for several years a carer for her sister-in law, who was born with Down's syndrome.

Manny Lewis

Manny is the chief executive at Watford Borough Council and has held this position since July 2009. He is also a non-executive director and board member of Mid-Essex Hospital Trust, where he chairs the finance and performance committee, and is a board member of the Copyright Tribunal.

Manny gained a Master's degree in Manpower Planning and became a corporate member of the Institute of Personnel & Development (CIPD) early in his career, before specialising in human resources and organisational development in two roles at the London Boroughs of Lambeth and Lewisham. He has since held several senior positions with a focus on education and personnel.

Manny was appointed as chief executive of the London Development Agency (LDA) in 2004 where he successfully led the land assembly for the London Olympics. In 2008 he was awarded an Honorary Doctorate of Business Administration for services to regeneration and development in London.

Chris Barrett

Chris retired as a partner with PricewaterhouseCoopers ("PwC") in December 2011. He spent his last seven years with PwC in Central and Eastern Europe, where he was a partner in the Governance, Risk & Compliance practice and also established a dedicated Financial Services Consulting practice, initially in Russia and then across the 29 countries of the CEE Region. He was previously a partner in PwC's Paris office, specialising in risk management and fraud investigation. Chris is now a Senior Advisor with Nestor Advisors, a specialist corporate governance advisory firm based in the City of London.

Chris is widowed with three daughters, the eldest of whom has Down's syndrome. Chris is a former national treasurer of the Down's Association in the UK and was an active supporter of Downside Up in Russia. Chris is also Chair of the Council for Voluntary Service Uttlesford in West Essex, as well as a trustee for the Dunmow Day Centre, which operates a day centre for the elderly and disable in Dunmow.

Jan Tregelles (Company Secretary)

Jan began working for Mencap in 1996. Jan is now the chief executive officer of Mencap, which provides care and support to over 8,000 people across England and Wales and has a turnover of over £180 million.

Jan led the establishment of the Charity in 1998 and is the current company secretary. Although she has no direct operational responsibilities, she is still closely involved with the Charity and is line manager to Alastair Graham, the managing director of the Charity.

The business address of each of the board members is 123 Golden Lane, London EC1Y 0RT.

In the five years prior to the date of this Prospectus, the trustees have held the following material directorships and trustee positions (excluding those relating to the Charity):

Name	Current directorship/trustee positions	Resigned within the last five years
Stephen Jack	Anchor Housing Trust Royal Mencap Society Cambridge Building Society MUFG Securities EMEA plc	RP Martin Holdings Limited
Stuart Kelly	Blue Sky Housing Ltd Bromley Mencap Ltd Mencap Promotions Ltd Mencap Trust Company Ltd Magicianary Ltd	Adcare Foundation Ltd Bromcare Homes Ltd Bromley Mencap Enterprises Ltd Cell 42 Ltd Mencap Ltd Mencap Sales Ltd Royal Mencap Society
Simon Beddow	Partner – Ashurst LLP Solicitors	None
Janet Brown	Essex Carers Network Ltd (CIC) Braintree District Mencap Society Essex Mencap Royal Mencap Society	None
Chris Barrett	Dunmow Day Centre Council for Voluntary Service Uttlesford	None

There are no potential conflicts of interest between any duties of the board members of the Charity and their private interests and/or duties.

Executive Management Team

Alastair Graham (Managing Director)

Alastair has been managing director of the Charity since February 2011 and has led the continued development of the organisation, enabling it to transform the lives of increasing numbers of people with a learning disability. He has fostered new partnerships, led further improvements in operational efficiency and delivered a sustainable programme of growth.

Prior to joining the Charity, Alastair led a major programme of regeneration in greater Manchester as managing director of the Oldham Rochdale Housing Market Renewal Pathfinder for seven years. The area covered

150,000 people and the programme involved developing and delivering new housing, renovating or demolishing sub-standard housing, providing major environmental improvements and establishing training schemes for local people.

Alastair's background is in social housing organisations. He was director of development and finance for First Choice Housing Oldham, which had around 15,000 properties at the time. He has also worked in a variety of housing and support roles in London and Buckinghamshire.

Marilyne Davis (Head of Finance)

Marilyne joined the Charity in 2005 and is responsible for all financial matters, reporting directly to the trustees on the finances of the Charity. She leads a finance team of six who are responsible for the production of quarterly management accounts and financial forecasts. Marilyne successfully led the negotiation of £40 million of loan finance to support the growth in housing solutions provided by the Charity and participated in the development of several innovative housing solutions. Marilyne and Alastair Graham led for the Charity on both the Charity's 2013 bond and the 2014 bond issue by Retail Charity Bonds PLC which was secured on a loan to the Charity. Marilyne has been a member of the Chartered Institute of Management Accountants since September 2000.

Melissa O'Donnell (Head of Property and Customer Services)

Melissa joined the Charity in 2008 as business development manager, having previously worked in the social housing sector for 13 years. Melissa was appointed to her current role in 2009 and now leads the property and customer services functions within the Charity, incorporating the day-to-day repairs service. She is responsible for the compliance and planned maintenance programme for all of the Charity's properties and has been a member of the Charity's Leadership team since 2008.

Rod Dugher (Head of Housing)

Rod joined the Charity in 2002 from the position of principal housing manager with a local authority. Rod is a member of the Chartered Institute of Housing and has worked in the private and social housing sectors for over 25 years.

Rod leads the Charity's housing service and a team of housing professionals who deliver services, including income collection, to all the Charity's tenants and customers across England, Wales and Northern Ireland. Rod has a lead role in the Charity's regulatory compliance and co-ordinated the In-Depth Assessment with the Homes and Communities Agency in 2016 which resulted in a G1 V1 rating. Rod has been a member of the Charity's Leadership team since 2003.

John Verge (Head of Development)

John joined the Charity in 2000 and has since been involved with leading on innovative housing solutions across the country for hundreds of people with a learning disability. John leads the Charity's development and marketing team and is a member of the Charity's Leadership team. He has project managed major schemes including the re-provision for people moving from long stay hospitals securing capital grant funding the Department of Health and NHS.

John has worked in various roles within the social housing field for over 23 years and has been a member of the Chartered Institute of Housing since 1997.

Adele Currie (People Business Partner)

Adele joined the Charity in 2014 bringing around ten years of Housing practice and 20 years of Human Resources management experience. Adele is a chartered member of the Chartered Institute of Personnel and

Development (CIPD). Adele is responsible for the design and delivery of the people strategy including structure, salary, training, development and performance management. Adele coaches all levels of managers to enhance performance, including in relation to continuous improvement and leadership skills.

Corporate Governance

The Charity has adopted “Good governance: a Code for the Voluntary and Community Sector” (the “**Code**”), which is a code of governance written for voluntary and community organisations. The Charity is committed to undertaking an annual review of its governance against the criteria of the Code in order to monitor compliance. The Charity provides induction and training for its Trustees.

4

INFORMATION ABOUT THE BONDS

This following section summarises the key features of the Bonds.

The full terms and conditions of the Bonds are contained in Appendix B (*“Terms and Conditions of the Bonds”*). It is important that you read the entirety of this Prospectus, including the Terms and Conditions of the Bonds, before deciding to invest in the Bonds. If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest.

INFORMATION ABOUT THE BONDS

		Refer to
<p>What is a bond?</p>	<p>A bond is a form of borrowing by a company seeking to raise funds from investors. The company that issues a bond promises to pay interest to each investor in the relevant bond periodically until the date when the relevant bond becomes repayable (usually on the specified maturity date, although a bond may also become repayable early in certain circumstances), at which time the company also promises to repay the amount borrowed.</p> <p>An investor does not have to keep a bond until the date when the bond matures. Unlike a typical bank loan, a bond is a tradable instrument, so can be sold to another investor in the market. The market price of a bond will fluctuate between the start of the bond's life and when it matures.</p> <p>This Prospectus relates to a proposed issue of Golden Lane Housing Ltd 3.9 per cent. Bonds due 23 November 2027 (including Retained Bonds) issued by Retail Charity Bonds PLC and secured on a loan to the Charity.</p>	<p>N/A</p>
<p>Who is issuing the Bonds?</p>	<p>The Bonds will be issued by the Issuer.</p> <p>The Issuer is an entity which has been established for the purpose of issuing asset-backed securities, which means that it has been incorporated for specific purposes only (i.e. to issue bonds), will not conduct business more generally and has very limited assets. The Issuer will not engage in any activities which are not related to the issue of bonds.</p> <p>The Issuer has been incorporated with a view to making it easier for United Kingdom charities to raise money from investors in the capital markets, without each such charity having to issue bonds directly. Instead, the Issuer may issue bonds from time to time, and lend the proceeds of such issue to a charity. Payments of interest and principal due on the loan and those due on the bonds will be identical (save that payments of interest and principal under the loan will be required to be paid two business days prior to each interest payment date or redemption date, as the case may be, on the bonds) so that payments of interest and repayment of the loan by the charity will provide the Issuer with funds to make the corresponding payment on the related bonds.</p> <p>The proceeds of the Bonds (including the proceeds of the Retained Bonds following a sale of the Retained Bonds to any third party from time to time) described in this Prospectus will be loaned to the Charity by way of the Loan on the terms of the Loan Agreement. The Issuer will depend on the Charity to make payments under the Loan Agreement in order for it to be able to make payments on the Bonds. Therefore, investors in the Bonds</p>	<p>Appendix B <i>("Terms and Conditions of the Bonds")</i></p> <p>Section 7 <i>("Description of Retail Charity Bonds PLC")</i></p>

		Refer to
	will be assuming credit risk on the Charity as to which, investors should refer to Section 2 (<i>“Risk Factors – Factors that may affect the Issuer’s ability to fulfil its obligations under the Bonds – The Issuer’s only material assets corresponding to the Bonds will be its rights under the Loan Agreement and, accordingly, investors in the Bonds will take credit risk on the Charity”</i>).	
What are Retained Bonds?	<p>When the Bonds are issued by the Issuer, the Issuer will immediately purchase some of the Bonds (the “Retained Bonds”). The aggregate nominal amount of Retained Bonds will be set out in the Issue Size Announcement .</p> <p>The Retained Bonds will be held by The Bank of New York Mellon, London Branch in its capacity as bond custodian in respect of the Retained Bonds (or any successor or replacement custodian thereto) (the “Custodian”) pursuant to a bond custody agreement dated the Issue Date between the Issuer and the Custodian (or such other custody agreement entered into from time to time between the Issuer and the Custodian) in respect of the Retained Bonds (the “Custody Agreement”).</p>	N/A
How will the Issuer deal with the Retained Bonds?	<p>The Issuer may, following agreement with the Charity and the Manager (or, failing agreement with the Manager, any third party), sell or dispose of all or some of the Retained Bonds in the market by private treaty at any time provided that:</p> <p>(i) the relevant Bonds will, following the relevant sale or disposal, be exempt from all United Kingdom stamp duties on transfer and will not be “deeply discounted securities” for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005; or</p> <p>(ii) if the Issuer would otherwise be in any material doubt, HM Revenue & Customs has prior to the relevant sale or disposal confirmed to the Issuer in writing that the relevant Bonds will be exempt from all United Kingdom stamp duties on transfer and will not be “deeply discounted securities” for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 following the relevant sale or disposal.</p> <p>The proceeds of the Retained Bonds (following a sale or disposal to any third party from time to time) will be loaned to the Charity under the terms of the Loan Agreement.</p> <p>Any Retained Bonds shall, following a sale to any third party from time to time, cease to be Retained Bonds to the extent of and upon such sale or disposal. Bonds which have ceased to be Retained Bonds shall carry the same rights and be subject in all respects to the same conditions as other Bonds.</p>	<p>N/A</p> <p>Appendix D (<i>“Loan Agreement”</i>)</p>
What is the Custody	The Issuer will enter into the Custody Agreement with the Custodian whereby it appoints the Custodian to act as custodian	N/A

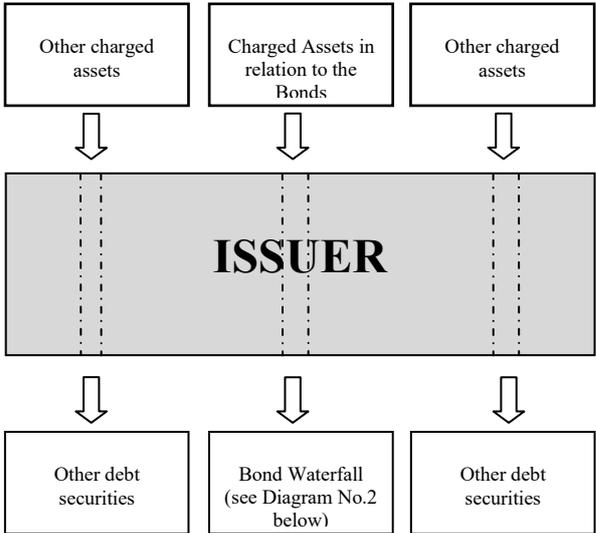
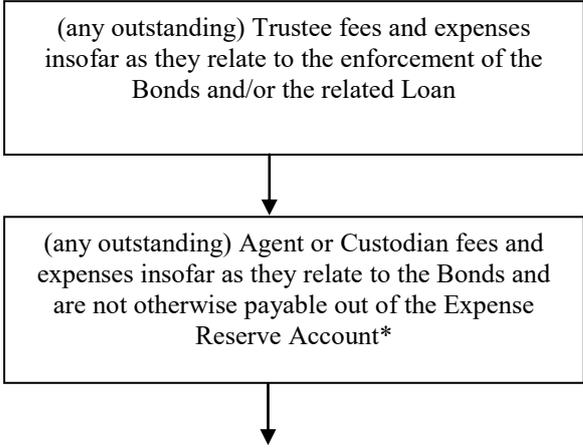
		Refer to
Agreement?	and hold the Retained Bonds on its behalf. The Custody Agreement contains customary terms for custody agreements and limited recourse and non-petition language on terms similar to the Terms and Conditions of the Bonds. The Custodian is one of the secured parties under the Trust Deed.	
Why doesn't the Charity issue the Bonds directly?	<p>There are various constraints on the Charity issuing the Bonds directly and also several advantages for both investors and the Charity in the Bonds being issued by Retail Charity Bonds PLC:</p> <p><i>Listing and costs for the Charity:</i> Retail Charity Bonds PLC has been established as a means to enable charities to access the capital markets with reduced transaction costs using a master set of legal documents, including an Issuance Facility Agreement, a Master Trust Deed and an Agency Agreement. The terms of these legal documents contain contractual provisions that can be used to issue further bonds in the future. This has the overall effect of making a capital markets exercise of this nature cost-effective for charities. However, it will be necessary for the Issuer and other charities wishing to use the facility to prepare a new prospectus. Each prospectus is subject to review by the UK Financial Conduct Authority and must be approved on a case-by-case basis.</p> <p><i>ISA and SIPPS:</i> it is a requirement for eligibility for inclusion in a United Kingdom individual saving account or a self-invested pension plan that assets be obligations of a body corporate having issued share capital. The Issuer qualifies for this. The Charity does not.</p>	N/A
Who is the Charity?	The Charity is Golden Lane Housing Ltd, a United Kingdom charity with the principal objective to provide housing and related specialist support services to people in the United Kingdom with a learning disability.	Section 3 (<i>"Description of the Charity"</i>)
What are the terms of the Bonds?	<p>The Bonds will be subject to Appendix B (<i>"Terms and Conditions of the Bonds"</i>).</p> <p>The Bonds:</p> <ul style="list-style-type: none"> entitle the Bondholders to receive semi-annual interest payments at a fixed interest rate of 3.9 per cent. per annum, subject to Condition 8; have a nominal amount of £100 per Bond; are scheduled to be redeemed on 23 November 2027, although if the Charity fails to repay the Loan on that date, redemption shall be deferred until 23 November 2029 without default. If the Charity fails to repay the Loan on 23 November 2027 and repayment is deferred until 23 November 2029, under the terms of the Loan the rate of interest payable on the Bonds will increase by an additional 1.00 per cent. per annum; 	Appendix B (<i>"Terms and Conditions of the Bonds"</i>)

		Refer to
	<ul style="list-style-type: none"> • will be redeemed at 100 per cent. of their principal amount on 23 November 2027 or, if redemption is deferred, on 23 November 2029; • may be redeemed early if the Charity repays the Loan early and in full, at the Sterling Make-Whole Redemption Amount (as defined below); and • are intended to be admitted to trading on the London Stock Exchange's regulated market and through ORB. 	
<p>What does it mean that the Bonds are “secured on a loan” to the Charity?</p>	<p>The proceeds of the Bonds (including the proceeds of the Retained Bonds following a sale of the Retained Bonds to any third party from time to time) will be lent by the Issuer to the Charity on the terms of the Loan Agreement. The Loan Agreement will be in substantially the form set out in Appendix D of this Prospectus. The terms of the Loan and those of the Bonds will be aligned such that payments of interest and repayments of principal are identical (save that payments of interest and repayments of principal under the Loan will be required to be paid two business days prior to each interest payment date or redemption date, as the case may be, on the Bonds, and subject to any withholding for or on account of taxes either on amounts paid under the Loan or under the Bonds), so that payments of interest and principal by the Issuer in respect of the Bonds will be funded by the interest and principal which the Issuer receives from the Charity under the Loan Agreement.</p> <p>The Issuer's rights in respect of the Loan Agreement from the Charity (and certain related rights) will be charged as security and assigned to the Trustee for the benefit of the Bondholders and certain other secured parties. This means that if the Charity fails to make payments of interest or principal under the Loan Agreement and this results in the occurrence of an event of default under the terms and conditions of the Bonds, the Trustee (acting on the instructions of the Bondholders) may enforce the terms of the Loan Agreement against the Charity, and if any amounts are recovered under the Loan they will be available, following payment of certain costs related to enforcement (such as the fees of the Trustee), for payment to the holders of the Bonds. The Loan Agreement contains certain covenants which the Charity must comply with from time to time such as, for example, a requirement to ensure that as at each testing date, its net asset value as determined by reference to its most recent audited financial statements is at least 130 per cent. of the outstanding principal amount of the Loan and all other unsecured, unsubordinated borrowings (other than, for the avoidance of doubt, any liabilities that might arise under any shared investment contributions arrangements) of the Charity, in each case as shown in the most recent audited financial statements of the Charity from time to time.</p> <p>Whilst the Issuer's rights in respect of the Loan are secured in the</p>	<p>Appendix D (“<i>Loan Agreement</i>”)</p>

		Refer to
	<p>manner described above, the Loan itself is not secured by any asset of the Charity or otherwise.</p> <p>A description of the transaction structure is included below:</p> <p>N.B. the proceeds of any Retained Bonds, once sold to any third party from time to time, will be advanced under the Loan Agreement at that time.</p> <p>Whilst the Issuer may, from time to time, issue other bonds and lend the proceeds of those issues to other charities, the only assets of the Issuer to which investors in the Bonds will have recourse if the Issuer fails to make payments in respect of the Bonds will be the Issuer’s rights against the Charity under the Loan Agreement, the related rights under the issue documents in relation to the Loan. The holders of the Bonds will not have recourse to the other assets of the Issuer in connection with the other bond issues.</p>	
Why are the Bonds being issued? What will the proceeds be used for?	The Charity will use the proceeds of the issue of the Bonds to further its charitable objects, including, but not limited to, the re-financing of a previous bond issue and the acquisition and adaptation of housing for people with a learning disability.	Section 3 (“Description of the Charity”)
Will I be able to trade the Bonds?	<p>The Issuer will make an application for the Bonds to be admitted to trading on the London Stock Exchange plc, on its regulated market and through ORB. If this application is accepted, the Bonds are expected to commence trading on or around 24 November 2017.</p> <p>Once admitted to trading, the Bonds may be purchased or sold</p>	Section 10 (“Additional Information – Listing and admission to trading of the Bonds”)

		Refer to
	through a broker. The market price of the Bonds may be higher or lower than their issue price depending on, among other things, the level of supply and demand for the Bonds and movements in interest rates. See Section 2 (<i>“Risk Factors – Factors which are material for the purpose of assessing the Market Risks associated with the Bonds – Risks related to the market generally – The secondary market generally”</i>).	
How will payments on the Bonds be funded?	Payments of interest and principal by the Issuer in respect of the Bonds will be funded by the interest and principal which the Issuer receives from the Charity under the Loan. Payments of interest and principal due on the Loan and those due on the Bonds (other than the Retained Bonds) will be identical (save that payments of interest and principal under the Loan will be required to be paid two business days prior to each interest payment date or redemption date, as the case may be, on the Bonds, and subject to withholding for or on account of taxes either on amounts paid under the Loan or under the Bonds), and accordingly the Loan has characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Bonds.	Section 7 (<i>“Description of Retail Charity Bonds PLC”</i>) Section 3 (<i>“Description of the Charity”</i>) Appendix D (<i>“Loan Agreement”</i>)
What is the interest rate and can the interest rate change?	The Bonds bear interest from their date of issue at the fixed rate of 3.9 per cent. per annum. The yield of the Bonds is 3.9 per cent. per annum until the Expected Maturity Date (as defined below). Interest will be paid semi-annually in arrear on 23 May and 23 November in each year. If repayment of the Loan is deferred until the Legal Maturity Date (as defined below) rather than being made on the Expected Maturity Date, the rate of interest payable on the Bonds will be increased by an additional 1.00 per cent. per annum from and including, the Expected Maturity Date to, but excluding, the Legal Maturity Date (see <i>“When will the Bonds be repaid?”</i> below).	Condition 8 (<i>“Interest”</i>) of Appendix B (<i>“Terms and Conditions of the Bonds”</i>)
When will interest payments be made?	The first payment of interest in relation to the Bonds is due to be made on 23 May 2018. Following the first payment, interest is expected to be paid on 23 May and 23 November in each year up to and including the date the Bonds are repaid.	Condition 8 (<i>“Interest”</i>) of Appendix B (<i>“Terms and Conditions of the Bonds”</i>)
How is the amount of interest payable calculated?	The Issuer will pay a fixed rate of 3.9 per cent. interest per year in respect of the Bonds. Interest will be payable in two semi-annual instalments. Therefore, for each £100 nominal amount of Bonds that you buy on 1 November 2017, for instance, you will receive £1.95 on 23 May 2018 and £1.95 on 23 November 2018, and so on every six months until and including the Expected Maturity Date (unless you sell the Bonds or they are repaid by the Issuer) (as such terms are defined below and see <i>“When will the Bonds be repaid?”</i> below). As the amount of interest payable will increase following the Expected Maturity Date, the amount payable thereafter will be re-calculated accordingly.	Condition 8 (<i>“Interest”</i>) of Appendix B (<i>“Terms and Conditions of the Bonds”</i>)

		Refer to
What is the yield on the Bonds?	On the basis of the issue price of the Bonds of 100 per cent. of their nominal amount, the initial yield (being the interest received from the Bonds expressed as a percentage of their nominal amount) of the Bonds on the Issue Date is 3.9 per cent. per annum until 23 November 2027. This initial yield is not an indication of future yield.	N/A
What will the Bondholders receive in a winding up of the Issuer?	<p>The Issuer has been established for the purpose of issuing asset-backed securities, which means that the risk of its entering into insolvency proceedings is low, even if the Charity fails to make payments on the Loan thereby preventing the Issuer from making payments on the Bonds. If the Issuer does become insolvent, it does not have any other financial or trade creditors which would rank ahead of the Bondholders (other than as contemplated under the Issuance Facility Documents (as defined in Appendix B (<i>“Terms and Conditions of the Bonds”</i>))).</p> <p>There is, however, no assurance that the Issuer’s continued solvency will mean the Issuer can meet its payment and other obligations in respect of the Bonds.</p> <p>If the Charity does not meet its obligations under the Loan Agreement resulting in the occurrence of an event of default under the terms and conditions of the Bonds, the Trustee shall be responsible for accelerating the Loan (which means that it becomes due and payable). The Trustee will be responsible for taking such steps as it in its absolute discretion considers appropriate in an attempt to ensure the payment of the outstanding sum and, if necessary, (acting on the instructions of Bondholders) shall take action against the Charity to enforce the Issuer’s rights under the Loan Agreement (see Diagram no. 2 (<i>Bond Waterfall</i>) below). However, the Trustee will not be bound to take any such enforcement action unless it has been indemnified and/or secured to its satisfaction.</p> <p>The obligations of the Issuer to the Bondholders in respect of the Bonds are limited in recourse to certain Charged Assets (being, in general terms, the Issuer’s rights under the Loan Agreement and certain related rights under the Issuance Facility Documents), which means that the holders of the Bonds will not have recourse to the other assets of the Issuer in connection with the other bond issues of the Issuer (see Diagram no. 1 (<i>Limited Recourse</i>) below).</p>	Section 7 (<i>“Description of Retail Charity Bonds PLC”</i>)

		Refer to
	<p>Diagram no. 1 (Limited Recourse)</p>  <p>* See “<i>Summary of the Servicer</i>” below.</p> <p>Further information is contained in the detailed provisions of Condition 6.2 (“<i>Post-Enforcement</i>”) of Appendix B (“<i>Terms and Conditions of the Bonds</i>”).</p> <p>In a post enforcement scenario, i.e. if the Trustee (acting on the instructions of the Bondholders) takes enforcement action in relation to the Charged Assets, monies received will be used to make payments to the following parties in the order of priority below:</p> <p>Diagram no. 2 (Bond Waterfall)</p> 	

		Refer to
	<div style="text-align: center;"> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">(any outstanding) Servicer fees and expenses insofar as they relate to the enforcement of the Bonds and/or the related Loan</div> <div style="text-align: center;">↓</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">(any outstanding) payment of certain other amounts to cover the Issuer’s general expenses due from the Charity under the Loan</div> <div style="text-align: center;">↓</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">Bondholders</div> <div style="text-align: center;">↓</div> <div style="border: 1px solid black; padding: 5px;">Expense Reserve Account</div> </div> <p>* See “<i>Summary of the Servicer</i>” below.</p> <p>Further information is contained in the detailed provisions of Condition 6.2 (“<i>Post-Enforcement</i>”) of Appendix B (“<i>Terms and Conditions of the Bonds</i>”).</p>	
Will the Bonds be rated by a credit rating agency?	No. Neither the Bonds nor the Issuer is rated by a credit rating agency, and the Issuer does not intend to seek a credit rating for the Bonds.	N/A
When will the Bonds be repaid?	<p>The Bonds are scheduled to be redeemed at 100 per cent. of their nominal amount on the Expected Maturity Date. However, if and to the extent that the Charity elects to extend the maturity date of the Loan pursuant to its right to do so under the terms of the Loan, the redemption of the Bonds will be postponed until the Legal Maturity Date.</p> <p>The Bonds may be redeemed early if the Charity repays the Loan early and in full in circumstances in which it is permitted to do so, at the Sterling Make-Whole Redemption Amount.</p> <p>The “Sterling Make-Whole Redemption Amount” is an amount which is calculated to ensure that the redemption price produces a sum that, if reinvested in a reference bond (in this case a UK gilt), would continue to give the Bondholder the same yield on the money that was originally invested as they would have received had the Bonds not been redeemed.</p>	Condition 10 (“ <i>Redemption and Purchase</i> ”) of Appendix B (“ <i>Terms and Conditions of the Bonds</i> ”)

		Refer to
Do the Bonds have voting rights?	Bondholders (other than holders of Retained Bonds) have certain rights to vote at meetings of Bondholders, but are not entitled to vote at any meeting of shareholders of the Issuer.	Condition 17 (<i>“Meetings of Bondholders, Modification and Waiver”</i>) of Appendix B (<i>“Terms and Conditions of the Bonds”</i>)
Who will represent the interests of the Bondholders?	The Trustee is appointed to act on behalf of the Bondholders as an intermediary between Bondholders and the Issuer throughout the life of the Bonds. The main obligations of the Issuer (such as the obligation to pay and observe the various covenants in the terms and conditions of the Bonds) are owed to the Trustee. These obligations are enforceable by the Trustee only, not the Bondholders themselves. Although the entity chosen to act as the Trustee is chosen and appointed by the Issuer, the Trustee must act in the interests of the Bondholders in accordance with the terms of the Trust Deed.	Appendix B (<i>“Terms and Conditions of the Bonds”</i>)
Can the terms and conditions of the Bonds be amended?	<p>The terms and conditions of the Bonds provide that the Trustee may agree to: (a) any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error (which is an error that is clear, plain and obvious) or an error which, in the opinion of the Trustee, is proven; (b) waive, modify or authorise a proposed breach by the Issuer of a provision of the Trust Deed or the terms and conditions of the Bonds if, in the opinion of the Trustee, such modification is not prejudicial to the interests of the Bondholders. The Trustee can agree to any such changes without obtaining the consent of any of the Bondholders.</p> <p>Bondholders may also sanction a modification of the terms and conditions of the Bonds by passing an extraordinary resolution.</p>	<p>Condition 17 (<i>“Meetings of Bondholders, Modification and Waiver”</i>) of</p> <p>Appendix B (<i>“Terms and Conditions of the Bonds”</i>)</p>
How do I apply for Bonds?	Details on how to apply for the Bonds are set out in Section 5 (<i>“How to Apply for the Bonds”</i>).	Section 5 (<i>“How to Apply for the Bonds”</i>)
What if I have further queries?	If you are unclear in relation to any matter, or uncertain if the Bonds are a suitable investment, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether to invest.	N/A

5

HOW TO APPLY FOR THE BONDS

The following section sets out what you must do if you wish to apply for any Bonds.

HOW TO APPLY FOR THE BONDS

<p>How and on what terms will Bonds be allocated to me?</p>	<p>Applications to purchase the Bonds cannot be made directly to the Issuer. Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.</p> <p>It is important to note that none of the Issuer, the Charity, the Servicer, the Manager or the Trustee is party to such arrangements between you and the relevant authorised offeror (each an “Authorised Offeror”), being a person to whom the Issuer and, as applicable, the Charity have given their consent to use this Prospectus in accordance with Article 3.2 of the Prospectus Directive (Directive 2003/71/EC (as amended)). You must therefore obtain this information from the relevant Authorised Offeror. Because they are not party to the dealings you may have with the Authorised Offeror, the Issuer, the Charity, the Servicer, the Manager and the Trustee will have no responsibility to you for any information provided to you by the Authorised Offeror.</p>
<p>What is the issue price of the Bonds?</p>	<p>The Bonds will be issued at the issue price of 100 per cent. (the “Issue Price”). Any investor intending to acquire any Bonds from an Authorised Offeror will do so at the Issue Price subject to and in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor, including as to price, allocations and settlement arrangements. Neither the Issuer nor (unless acting as an Authorised Offeror in that capacity) the Manager is party to such arrangements with investors and accordingly investors must obtain such information from the relevant Authorised Offeror. Neither the Issuer nor (unless acting as an Authorised Offeror in that capacity) the Manager has any responsibility to an investor for such information. See “<i>What is the amount of any expenses and taxes specifically that will be charged to me?</i>” below for further information.</p>
<p>How and when must I pay for my allocation and when will that allocation be delivered to me?</p>	<p>You will be notified by the relevant Authorised Offeror of your allocation of Bonds (if any) and the arrangements for the Bonds to be delivered to you in return for payment.</p>
<p>When can the Authorised Offerors offer the Bonds for sale?</p>	<p>An offer of the Bonds may be made by the Manager and the other Authorised Offerors in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the period from 1 November 2017 to 12.00 noon (London time) on 15 November 2017, or such other time and date as agreed between the Issuer and the Manager and announced via a Regulatory Information Service (which is expected to be the Regulatory News Service operated by the London Stock Exchange) (the “Offer Period”).</p> <p>After the end of the Offer Period, no Bonds will be offered for sale (i) by or on behalf of the Issuer or (ii) by the Authorised Offerors (in their capacity as Authorised Offerors) except with the consent of the Issuer.</p>
<p>Is the offer of the Bonds</p>	<p>The issue of Bonds is conditional upon (i) a subscription agreement being</p>

conditional on anything else?	signed by the Issuer and the Manager on or about 20 November 2017 (the “ Subscription Agreement ”), (ii) a commitment agreement being signed by the Issuer, the Manager, the Servicer and the Charity on or about 20 November 2017; and (iii) the Loan Agreement to be dated the date of issue of the Bonds being signed by the Issuer and the Charity on or about 23 November 2017. The Subscription Agreement will include certain conditions customary for transactions of this type (including the issue of the Bonds and the delivery of legal opinions and comfort letters from the independent auditors of the Charity satisfactory to the Manager).
Is it possible that I may not be issued with the number of Bonds I apply for? Will I be refunded for any excess amounts paid?	You may not be allocated all (or any) of the Bonds for which you apply. This might happen for example if the total amount of orders for the Bonds exceeds the aggregate nominal amount of Bonds ultimately issued. There will be no refund as you will not be required to pay for any Bonds until any application for Bonds has been accepted and the Bonds have been allocated to you.
Is there a minimum or maximum amount of Bonds that I can apply for?	The minimum application amount for each investor is £500. There is no maximum amount of application.
How and when will the results of the offer of the Bonds be made public?	The results of the offer of the Bonds (including details of the aggregate nominal amount of Retained Bonds) will be made public in the Issue Size Announcement, which will be published prior to the Issue Date. The Issue Size Announcement is currently expected to be made on or around 15 November 2017.
Who can apply for the Bonds? Have any Bonds been reserved for certain countries?	Subject to certain exceptions, Bonds may only be offered by the Authorised Offerors in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the Offer Period. No Bonds have been reserved for certain countries.
When and how will I be told of how many Bonds have been allotted to me?	You will be notified by the relevant Authorised Offeror of your allocation of Bonds (if any) in accordance with the arrangements in place between you and the Authorised Offeror.
Have any steps been taken to allow dealings in the Bonds before investors are told how many Bonds have been allotted to them?	No steps have been taken to allow the Bonds to be traded before informing you of your allocation of Bonds.
What is the amount of any expenses and taxes specifically that will be charged to me?	The Issuer will not charge you any expenses. An Authorised Offeror may charge you expenses. However, these are beyond the control of the Issuer and are not set by the Issuer. The Issuer estimates that, in connection with the sale of Bonds to you, the expenses charged to you by one of the Authorised Offerors known to it as of the date of this Prospectus will be between 1 per cent. and 7 per cent. of the aggregate principal amount of the Bonds sold to you.
What are the names and addresses of those distributing the Bonds?	As of the date of this Prospectus, the persons listed below are initial Authorised Offerors who have each been appointed by the Issuer and the Manager to offer and distribute the Bonds in the United Kingdom, Guernsey,

	<p>Jersey and/or the Isle of Man during the Offer Period:</p> <p>Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET</p> <p>AJ Bell Securities Limited 4 Exchange Quay Salford Quays Manchester M5 3EE</p> <p>Cornhill Capital 18 St Swithins Lane London EC4N 8AD</p> <p>Equiniti Financial Services Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA</p> <p>iDealing.com Limited 114 Middlesex Street London E1 7HY</p> <p>Redmayne-Bentley LLP 9 Bond Court Leeds LS1 2JZ</p> <p>Shore Capital Stockbrokers Ltd Bond Street House 14 Clifford Street London W1S 4JU</p>
	<p>The Issuer and, as applicable, the Charity have also granted consent to the use of this Prospectus by other relevant stockbrokers and financial intermediaries during the Offer Period on the basis of and so long as they comply with the conditions described in Section 11 (<i>“Important Legal Information – Public Offer of the Bonds – Authorised Offerors and Consent to use this Prospectus – Conditions to Consent”</i>). Neither the Issuer, the Charity nor the Manager has authorised, nor will they authorise, the making of any other offer of the Bonds in any other circumstances.</p>
<p>Will a registered market-maker be appointed?</p>	<p>Peel Hunt LLP will be appointed as a registered market-maker through ORB in respect of the Bonds from the date on which the Bonds are admitted to trading on the regulated market of the London Stock Exchange. Market-making means that a person will quote prices for buying and selling the Bonds during trading hours.</p>

6

TAXATION

If you are considering applying for Bonds, it is important that you understand the taxation consequences of investing in the Bonds. You should read this section and discuss the taxation consequences with your tax adviser, financial adviser or other professional adviser before deciding whether to invest.

TAXATION

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current United Kingdom law and published HMRC practice (which may not be binding on HMRC) relating to certain aspects of United Kingdom taxation relating to the Bonds and is of a general nature and not intended to be exhaustive. Some aspects may not apply to certain classes of persons (such as dealers and persons connected with the Issuer), to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

References to “**Bondholders**” in this section entitled “*United Kingdom Taxation*” should be taken to include references to holders of CDIs. The statements below assume that the holders of CDIs are, for United Kingdom tax purposes, absolutely beneficially entitled to the Bonds and to any payments on the Bonds.

A. Interest on the Bonds

Payment of interest on the Bonds

Payments of interest on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds carry a right to interest and the Bonds are and continue to be “listed on a recognised stock exchange” within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange. Bonds will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds carry a right to interest and are and remain so listed and admitted, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

In other cases, an amount must generally be withheld from payments of interest on the Bonds that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. However, where a double tax treaty applicable to a Bondholder provides for a lower rate of withholding tax (or for no tax to be withheld), HMRC can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable (and where that Bondholder is a company, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom in connection with which the interest is received or to which the Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

B. United Kingdom Corporation Tax Payers

In general, Bondholders which are within the charge to United Kingdom corporation tax (including, for non-United Kingdom resident Bondholders, where Bonds are acquired or held for the purposes of a trade carried on in the United Kingdom through a permanent establishment in the United Kingdom) will be charged to tax as

income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their U.K. GAAP or IFRS accounting treatment.

C. Other United Kingdom Tax Payers

Taxation of Interest

Bondholders who are individuals (and certain trustees) and are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bonds are attributable will generally be liable to United Kingdom tax on the amount of any interest received in respect of the Bonds.

Taxation of Chargeable Gains

A disposal of Bonds by an individual Bondholder who is resident in the United Kingdom, or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bonds are attributable, may give rise to a chargeable gain or allowable loss for the purposes of the United Kingdom taxation of chargeable gains.

Accrued Income Scheme

On a disposal of Bonds by a Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Income Tax Act 2007, if that Bondholder is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable.

The Bonds may constitute variable-rate securities for the purposes of the accrued income scheme. Under the accrued income scheme on a disposal of Bonds by a Bondholder who is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable the Bondholder may be charged to income tax on an amount of income which is just and reasonable in the circumstances. The purchaser of such a Bond will not be entitled to any equivalent tax credit under the accrued income scheme to set against any actual interest received by the purchaser in respect of the Bonds (which may therefore be taxable in full).

Individual Savings Accounts

The Bonds will be qualifying investments for the stocks and shares component of an account (an “ISA”) under the Individual Savings Account Regulations 1998 (the “ISA Regulations”) provided that: (i) at the time the Bonds are first held in the account, the Bonds are; and (ii) the Bonds remain, listed on the official list of a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Individual Bondholders who acquire or hold their Bonds through an ISA and who satisfy the requirements for tax exemption in the ISA Regulations will not be subject to United Kingdom tax on interest or other amounts received in respect of the Bonds, provided that the ISA otherwise satisfies the requirements for tax exemption in the ISA Regulations.

The current overall yearly subscription limit for an ISA (except for a “Junior” ISA) is £20,000 (which may be split between a cash ISA and a stocks and shares ISA in any proportion the saver chooses).

The opportunity to invest in Bonds through an ISA is restricted to individuals. Individuals wishing to purchase the Bonds through an ISA should contact their professional advisers regarding their eligibility.

D. Stamp Duty and Stamp Duty Reserve Tax (SDRT)

No United Kingdom stamp duty or SDRT is payable on the issue of the Bonds or on a transfer of the Bonds.

E. US Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. A foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes under current law. Certain aspects of the application of FATCA and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to foreign passthru payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments on instruments such as the Bonds, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

7

DESCRIPTION OF RETAIL CHARITY BONDS PLC

This section sets out certain information about the Issuer.

DESCRIPTION OF RETAIL CHARITY BONDS PLC

Incorporation and Status

The Issuer is a public limited company incorporated in England and Wales with registered number 8940313 on 14 March 2014 under the Companies Act 2006.

The registered address of the Issuer is 27/28 Eastcastle Street, London W1W 8DH. The telephone number of its registered address is 0207 637 5216. The Issuer has no subsidiaries.

Principal Activities of the Issuer

The Issuer is a special purpose entity established by Allia Ltd, a UK charity and specialist in impact finance, for the purpose of issuing asset-backed securities. Its principal activities and corporate objects are limited to issuing debt securities and on-lending the proceeds thereof to exempt charities or registered charities in the UK and to do all such other things as are incidental or conducive thereto. The Issuer will not engage in any activities which are not related to the issue of bonds.

In order to perform such activities, the Issuer has entered into certain arrangements with third parties, including, in particular, in relation to loan servicing, cash management and corporate administration services (as to which investors should refer to “*Description of the Servicer*” below).

The Issuer was established as an issuing vehicle whose objects are described above. The Issuer is not itself a charity.

The Issuer is registered with the Financial Conduct Authority in accordance with the Money Laundering Regulations 2007.

United Kingdom Directors

The directors of the Issuer and their other principal activities outside the Issuer are:

Name	Other Principal Activities
John Tattersall	John Tattersall is Chairman of the boards of UK Asset Resolution (including Bradford & Bingley PLC and NRAM Limited) and UBS Limited, and a non-executive director on the board of CCLA Investment Management. He is also Chair of two charities, a trustee of three others, and a non-stipendiary priest in the Church of England.
Gordon D’Silva OBE	Gordon has pioneered numerous social innovation not-for-profit businesses over the last 30 years that have been the recipient of numerous business, academic, charity and social enterprise awards. In 2011 he was awarded the OBE for his contribution to the industry. He is currently co-chair of Good Business Alliance and owner of a residence-hotel in Italy. He also advises several European social innovation businesses and mentors business leaders.
Tom Hackett	Tom Hackett is a member of the board of trustees of a number of UK charities and, prior to retirement, was Director General, Lending, at European Investment Bank.

Name	Other Principal Activities
Tim Jones	Tim Jones is Deputy Chairman and Chief Executive of Allia Ltd. He is also Chairman of Treatt plc, a quoted global flavour ingredients solutions business and a Fellow in Entrepreneurship at the Judge Business School at Cambridge University.
Geetha Rabindrakumar	Geetha Rabindrakumar works for Big Society Capital, an independent financial institution with a social mission, working to grow the social investment market. She oversees Big Society Capital's external engagement work with charities, social enterprises and potential investors, and is also a trustee of the homelessness charity Crisis.
Sandra Skeete	Sandra Skeete has worked as a senior executive in the housing sector for over 20 years, most recently at Peabody where she was Executive Director of Housing responsible for managing 29,000 homes. She is currently working as an interim Executive Director of Housing and Customer Services at Aldwyck Housing and is also a trustee of the Duchy of Lancaster Housing Trust.
Clare Thompson	Clare Thompson is a non-executive director of British United Provident Association Limited (BUPA) and Direct Line Insurance Group plc and a non-executive board member of Miller Insurance Services LLP, and also a trustee of the Disasters Emergency Committee.
Philip Wright	Philip Wright is a director of Allia, a Council member of Goldsmiths College, a director of Beyond Food CIC and a trustee and director of Common Purpose.

The business address of each of the directors is 27/28 Eastcastle Street, London, W1W 8DH.

The secretary of the Issuer is Cargil Management Services Limited whose registered address is at 22 Melton Street, London, NW1 2BW.

There are no potential conflicts of interest between any duties to the Issuer of the directors of the Issuer and their private interests and/or duties except as described in the paragraph below.

Tim Jones is a director of the Servicer and of Allia Ltd and Philip Wright is a director of Allia Ltd . Allia Ltd is a shareholder in the Issuer (see below for details), and is the sole shareholder in the Servicer. Accordingly, to manage any conflicts of interest neither Tim Jones nor Philip Wright will vote as directors of the Issuer in relation to any matters that concern the Servicer's relationship with the Issuer. The directors of the Issuer do not receive any remuneration.

The directors have delegated certain of their powers, authorities and discretions to the following committees:

- (i) a nomination committee which will consider the appointment of directors of the Issuer and make recommendations to the board;
- (ii) a review committee which will consider and recommend to the board, potential transactions that the Issuer may enter into;
- (iii) an audit committee which will consider matters in relation to any audit of the Issuer and the appointment of external auditors and make recommendations to the board.

Share Capital and Major Shareholders

The entire issued share capital of the Issuer comprises 50,001 ordinary shares of £1 each, all of which are paid up to a total value of £12,501.

The entire issued share capital of the Issuer is held by:

- (i) RC Bond Holdings Limited, a private limited company incorporated in England and Wales whose registered address is at Future Business Centre, King's Hedges Road, Cambridge, CB4 2HY and with company number 08936422, which holds 50,000 ordinary shares; and
- (ii) Allia Ltd, a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014, whose registered address is at Future Business Centre, King's Hedges Road, Cambridge, CB4 2HY and with registered number 28861R which holds one ordinary share designated as a special share (the "**Special Share**").

In respect of any resolution proposed in relation to any alteration in the articles of association of the Issuer (which includes any alteration to the corporate objects set out under "*Principal Activities of the Issuer*" above), the holder of the Special Share is entitled to cast such number of votes as is necessary to defeat the resolution and, in the event that the holder of the Special Share has not voted in respect of any such resolution, such resolution will be deemed not to have been passed. The holder of the Special Share shall not be entitled to vote in relation to any matter other than a proposed alteration in the articles of association of the Issuer.

Operations

On 29 July 2014, the Issuer issued £11,000,000 4.375% Bonds due 2021, secured on a loan to Golden Lane Housing Ltd (a wholly owned subsidiary of the Royal Mencap Society). On 30 April 2015, the Issuer issued £27,000,000 4.4% Bonds due 2025, secured on a loan to Hightown Housing Association Limited (formerly known as Hightown Praetorian & Churches Housing Association Limited). On 12 April 2016, the Issuer issued £30,000,000 5.00% Bonds due 2026 (including Retained Bonds), secured on a loan to Charities Aid Foundation. On 30 March 2017, the Issuer issued £50,000,000 4.25% Bonds due 2026 (including Retained Bonds), secured on a loan to Greensleeves Homes Trust. On 6 July 2017, the Issuer issued £45,000,000 4.25% Bonds due 2026 (including Retained Bonds), secured on a loan to The Dolphin Square Charitable Foundation. On 31 October 2017, the Issuer issued £38,000,000 4% Bonds due 2027 (including Retained Bonds), secured on a loan to Hightown Housing Association Limited.

The Issuer's audited financial statements for the period ended 31 August 2015 (the "**Initial Accounts**") and for the year ended 31 August 2016 have been filed with the Financial Conduct Authority and are attached to this Prospectus as Appendix F ("*Issuer's Financial Statements For The Period Ended 31 August 2015 And The Year Ended 31 August 2016*"). The Initial Accounts (including the Audit Report contained therein) cover the period from incorporation on 14 March 2014 to 31 August 2015. Copies of the Issuer's financial statements can be viewed electronically and free of charge on the website of the Issuer (<http://www.retailcharitybonds.co.uk/>) and obtained from the registered office of the Issuer and from the specified office of the paying agent for the time being in London.

8

DESCRIPTION OF THE SERVICER

This section sets out information about the Servicer.

DESCRIPTION OF THE SERVICER

The Issuer has contracted with Allia Impact Finance Ltd (the “**Servicer**”), to provide certain services in relation to the Loan and the Bonds. These services include, in particular, liaising with the Charity (on the Issuer’s behalf) to ensure the Charity is aware of its obligations under the Loan Agreement to be dated the date of issue of the Bonds and administering correspondence received from the Charity. A summary of the duties of the Servicer is set out below. The Issuer cannot perform these functions itself because it does not have any employees and therefore contracts with the Servicer to perform them on its behalf. Investors should refer to Section 2 (“*Risk Factors – Factors that may affect the Issuer’s ability to fulfil its obligations under the Bonds - The Issuer’s reliance on third parties*”) for further information.

The Servicer is a private limited company incorporated under the laws of England and Wales with company number 09033937 whose registered office is at Future Business Centre, Kings Hedges Road, Cambridge, United Kingdom, CB4 2HY. It is a wholly owned subsidiary of Allia Ltd, a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 (registered number 28861R).

Duties of the Servicer

The duties that the Servicer has agreed to perform are set out in a Services Agreement entered into between the Issuer and the Servicer. These services include, among others:

- a) management of the Issuer’s bank accounts including effecting payments from and to the Series Charged Account (which includes payments of principal and interest due on the Bonds) and the unsecured Expense Reserve Account (as set out in more detail below);
- b) monitoring and recording all receipts of funds into the Issuer’s bank accounts;
- c) at a prudent time prior to any scheduled payment date for amounts due to the Issuer, liaising with the Charity to ensure it is aware of its payment obligations under the Loan Agreement and to confirm receipt of the relevant funds to the Issuer to the extent such funds are received on or before their due date;
- d) notifying the Issuer, the registrar, the agent and the Trustee of (i) any unpaid interest and/or (ii) any early repayment in respect of the Loan Agreement;
- e) to the extent the Servicer receives any correspondence from the Charity in accordance with the Loan Agreement (including any compliance certificate, notices of prepayment, annual statements of social impact and notices of the occurrence of an event of default under the Loan Agreement), forward such correspondence as soon as practicable upon receipt to the Issuer and, to the extent the Issuer is so required, to the Trustee on behalf of the Issuer (investors should note, however, that the Servicer has no obligation to take any enforcement action in relation to the loan, as to which see Section 2 (“*Risk Factors – Factors which are material for the purpose of assessing the Market Risks associated with the Bonds – The Servicer is under no obligation to take enforcement action in relation to the Loan Agreement*”));
- f) publish any information required to be delivered to the Issuer by the Charity pursuant to the terms of the Loan Agreement on the relevant section of the investor website of the Issuer;
- g) promptly giving notice in writing to the Issuer and the Trustee of the occurrence of any default under a Loan Agreement upon becoming aware thereof and serving loan default notices on the Charity;

- h) certain additional corporate administration services ancillary to the Issuer's activities (including, for example, in relation to the audit and tax affairs of the Issuer and the management of external marketing communications on behalf of the Issuer).

Management of Issuer Accounts

The Servicer has agreed to operate the bank accounts of the Issuer pursuant to the Services Agreement. The relevant bank accounts have been opened by National Westminster Bank plc (the "**Account Bank**"), a company registered in England with company number 00929027 whose registered office is at 135 Bishopsgate, London EC2M 3UR, pursuant to the terms of an Account Agreement dated 26 June 2014 between the Issuer, the Account Bank, the Servicer and the Trustee. The Services Agreement contains certain detailed provisions as to the amounts that can be paid into, and out of, the Issuer's bank accounts as summarised below:

Series Charged Account

The Series Charged Account is secured in favour of the Trustee (pursuant to the trust deed dated 26 June 2014 as supplemented from time to time) and is specific to the Bonds. The Series Charged Account is the account into which the proceeds of the Bonds (before being paid to the Charity) and payments of interest and principal received by the Issuer from the Charity are credited. Following receipt from the Charity, payments of principal and interest due on the Bonds are, in turn, made from the Series Charged Account by the Servicer in accordance with the order of priorities set out in Condition 6 ("*Order of Payments*") in Appendix B ("*Terms and Conditions of the Bonds*"). Investors should refer to Section 2 ("*Risk Factors – Factors which are material for the purpose of assessing the Market Risks associated with the Bonds – Investors in the Bonds will have limited recourse to the assets of the Issuer in the event that it fails to make any payments on the Bonds and, further, the rights of enforcement for investors are limited, including that there are restrictions on the ability of investors to petition for bankruptcy of the Issuer*").

Expense Reserve Account

The Expense Reserve Account is not secured in favour of the Trustee (and neither the holders of the Bonds nor any other secured party has the benefit of it) and is a general reserve available to meet the general expenses of the Issuer. This account is funded by payments of arrangement fees by each relevant charity (such as the Charity) on each relevant issue date of bonds by the Issuer and on each interest payment date of each series of bonds (other than the last interest payment date) under each relevant loan agreement entered into between the Issuer and the relevant charity. Neither the holders of the Bonds nor any other secured party has any recourse to the balance standing to the credit of this account. The Services Agreement contains detailed provisions governing the amounts that may be paid out of this account by the Servicer, these include the following:

- a) fees and expenses in relation to a particular series of bonds that are payable on the issue date of such series;
- b) periodic expenses of the Issuer including, for example, trustee fees, agent fees and listing fees;
- c) an amount representing the Issuer's retained profit into the Issuer profit account;
- d) tax payable by the Issuer;
- e) companies registrar fees and expenses;
- f) amounts due in respect of certain professional services provided to the Issuer; and
- g) fees payable to the Servicer.

Remuneration

The Servicer shall be paid a fee as agreed between it and the Issuer.

Resignation and removal of the Servicer

The Servicer may resign at any time by giving at least 60 days' written notice to the Issuer.

The Servicer may be removed by the Issuer, giving reasons for such removal at any time forthwith by notice in writing from the Issuer if the Servicer:

- a) commits any material breach of the Services Agreement which is either incapable of remedy or has not been remedied within 30 days of the earlier of (i) the Issuer serving notice upon the Servicer requiring it to remedy the same; and (ii) the Servicer becoming aware of the breach;
- b) files a petition in bankruptcy or makes an assignment for the benefit of its creditors;
- c) is unable to pay or meet its debts as they fall due or suspend payment of its debts;
- d) consents to the appointment of an insolvency official or it enters an insolvency process; or
- e) ceases to carry on its business.

Any such resignation or removal shall only take effect upon the appointment by the Issuer of a successor Servicer, provided that (in the case of a resignation of the Servicer) if a successor is not appointed by the day falling 10 days prior to the expiry of any notice of resignation or (in the case of a removal of a Servicer) if a successor is not appointed by the day falling 60 days after the Issuer giving notice to remove the Servicer, the Servicer shall be entitled, on behalf of the Issuer, to appoint in its place a successor Servicer which is required to be a reputable institution of good standing.

Investors should refer to Section 2 ("*Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds – The Issuer's reliance on third parties*") for further information.

Delegation

The Servicer may not delegate to any third party the performance of all or any part of its obligations under the Services Agreement without the prior written consent of the Issuer. Subject to the Servicer's limitation of liability (see "*Limitation of liability of the Servicer*" below) the Servicer shall be liable to the Issuer for all matters so delegated and for the acts and omissions of any such third party or delegate.

Limitation of liability of the Servicer

The Servicer acts as the Issuer's agent in performing the functions set out above. The Services Agreement therefore provides that the Servicer is not liable for any liabilities suffered by the Issuer arising out of the performance by the Servicer (and/or its directors, officers, employees or agents) of its responsibilities under the Services Agreement except for such losses and/or damages resulting from fraud, negligence, wilful default and/or bad faith on the part of the Servicer (and/or its directors, officers, employees or agents) in the performance of its responsibilities under the Services Agreement.

9

SUBSCRIPTION AND SALE

This section sets out certain information with respect to the initial issue and distribution of the Bonds, including certain information with respect to the public offer of the Bonds.

SUBSCRIPTION AND SALE

Under the Subscription Agreement expected to be dated on or about 20 November 2017, the Manager is expected to agree to procure subscribers for the Bonds (other than the Retained Bonds) at the issue price of 100 per cent. of the nominal amount of the Bonds, less arrangement, management and applicable distribution fees. The Manager will receive fees of 0.50 per cent. of the nominal amount of the Bonds (other than the Retained Bonds). Authorised Offerors are also eligible to receive a distribution fee of up to 0.25 per cent. of the nominal amount of the Bonds (other than the Retained Bonds) allotted to them (payable out of the fee paid to the Manager). The Issuer will also reimburse the Manager in respect of certain of its expenses, and is expected to agree to indemnify the Manager against certain liabilities incurred in connection with the issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer. The issue of the Bonds will not be underwritten by the Manager, the authorised offerors or any other person.

The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

Selling Restrictions

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

European Economic Area

The Manager has represented and agreed that it has not made and will not make an offer of any Bonds to the public in any Member State of the European Economic Area, except that it may, during the period from 1 November 2017 to 12.00 noon (London time) on 15 November 2017 and on the basis of this Prospectus (which it has the Issuer's consent to use for such purpose), make an offer of the Bonds to the public in the United Kingdom following the date of publication of this Prospectus, which has been approved by the Financial Conduct Authority in the United Kingdom.

For the purposes of this provision: the expression an “**offer of Bonds to the public**” in any Member State of the European Economic Area means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

United Kingdom

The Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Jersey

The Manager has represented and agreed that it has not made and will not make an offer of Bonds in Jersey, save to the extent that the Manager is authorised, or otherwise permitted, to do so pursuant to the Financial Services (Jersey) Law 1998, as amended, and/or the Control of Borrowing (Jersey) Order 1958, as amended.

Guernsey

The Manager has represented and agreed that:

- (a) the Bonds cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and the regulations enacted thereunder, or any exemption therefrom;
- (b) this Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey; and
- (c) this Prospectus may not be distributed or circulated, directly or indirectly, to any persons in the Bailiwick of Guernsey other than:
 - (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended; or
 - (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law 1994, as amended, the Insurance Business (Bailiwick of Guernsey) Law 2002, as amended, or the Regulation of Fiduciaries, Administration Business and Company Directors etc (Bailiwick of Guernsey) Law 2000, as amended.

Isle of Man

The Manager has represented and agreed that the Bonds cannot be marketed, offered or sold in, or to persons resident in, the Isle of Man, other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 and the Regulated Activities Order 2011 or any exemption therefrom.

General

The Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses or distributes this Prospectus and/or any other offering material prepared in relation to the offering of the Bonds and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor the Trustee shall have any responsibility therefor.

None of the Issuer, the Trustee or the Manager represents that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

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ADDITIONAL INFORMATION

You should be aware of a number of other matters that may not have been addressed in detail elsewhere in this Prospectus.

These include the availability of certain relevant documents for inspection, confirmations from the Issuer and details of the listing of the Bonds.

ADDITIONAL INFORMATION

Authorisation

The issue of the Bonds has been duly authorised by a resolution of the board of directors of the Issuer dated 9 October 2017.

Listing and admission to trading of the Bonds

It is expected that the Bonds will be admitted to the official list and to trading on the London Stock Exchange's regulated market and admitted to ORB on or around 23 November 2017, subject only to the issue of the global bond. Application has been made to the UK Listing Authority for the Bonds to be admitted to the official list and to the London Stock Exchange for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and admitted to the ORB.

Use of Proceeds

The proceeds from the issue of the Bonds (including the proceeds of the Retained Bonds following a sale of the Retained Bonds to any third party from time to time) will be advanced by the Issuer to the Charity under the Loan Agreement to be dated the date of issue of the Bonds, to be applied by the Charity to further its charitable objects, including, but not limited to, the re-financing of a previous bond issue and the acquisition and adaptation of housing for people with a learning disability. The estimated proceeds, the amount of Retained Bonds to be purchased by the Issuer and the amount of the loan to be advanced on the Issue Date will be published in the Issue Size Announcement.

Expenses

The estimated total expenses of the Issuer in connection with the issue and offering of the Bonds will be published in the Issue Size Announcement.

Indication of yield

The yield in respect of the issue of the Bonds is 3.9 per cent. per annum until 23 November 2027. The yield is calculated at the Issue Date on the basis of the Issue Price of 100 per cent., using the formula below. It is not an indication of future yield.

$$P = \frac{C}{r} \left(1 - (1+r)^{-n} \right) + A(1+r)^{-n}$$

where:

- “P” is the Issue Price of the Bonds;
- “C” is the annualised interest amount;
- “A” is the principal amount of Bonds due on redemption;
- “n” is time to maturity in years; and
- “r” is the annualised yield.

Documents Available

Copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (a) the constitutional documents of the Issuer;
- (b) the most recently published audited annual financial statements of the Issuer and the Charity together with any audit or review reports prepared in connection therewith;
- (c) the Issuance Facility Agreement dated 26 June 2014, the Master Trust Deed dated 26 June 2014 as supplemented from time to time, the Agency Agreement dated 26 June 2014 and the form of the Global Bond;
- (d) the Loan Agreement and any amendments thereto;
- (e) the Subscription Agreement dated on or about 20 November 2017; and
- (f) this Prospectus and, if applicable, any supplements to this Prospectus.

Clearing Systems

The Bonds will be accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for the Bonds is XS1713569629 and the Common Code for the Bonds is 171356962.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Interests in the Bonds may also be held through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“CREST”) through CDIs, representing the interests in the relevant Bonds underlying the CDIs. The current address of CREST is Euroclear UK & Ireland Limited, 33 Cannon Street, London EC4M 5SB. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus. For more information on the CDI mechanism, refer to Section 2 (“*Risk Factors – Risks related to the market generally – Risks relating to holding interests in the Bonds through CREST Depository Interests*”).

Material or Significant Change

There has been no significant change in the financial or trading position of the Issuer since 31 August 2016 and no material adverse change in the prospects of the Issuer since 31 August 2016.

There has been no significant change in the financial or trading position of the Charity since 31 March 2017 and there has been no material adverse change in the prospects of the Charity since 31 March 2017.

Litigation

There are no and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer’s financial position or profitability.

There are no and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Charity is aware during the 12 months preceding the

date of this Prospectus which may have, or have had in the recent past, significant effects on the Charity's financial position or profitability.

Auditors

The auditors of the Issuer are RSM UK Audit LLP, who have audited the Issuer's accounts (without qualification) in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) for the period from incorporation to 31 August 2015 and for the year ended 31 August 2016. The auditors of the Issuer have no material interest in the Issuer.

The auditors of the Charity are Crowe Clark Whitehall LLP, who have audited the Charity's accounts (without qualification) in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) for each of the three financial years ending on 31 March 2015, 31 March 2016 and 31 March 2017.

Issuance Facility

The Issuer has entered into, amongst other documents, an Issuance Facility Agreement dated 26 June 2014 (the "**Issuance Facility Agreement**") and a Trust Deed dated 26 June 2014 (the "**Master Trust Deed**") as expected to be supplemented by a Supplemental Trust Deed expected to be dated 23 November 2017 (the "**Supplemental Trust Deed**"), pursuant to which it is able to issue bonds (such as the Bonds) from time to time and to on-lend the proceeds thereof to registered or exempt charities in the United Kingdom (such as the Charity) (the "**Issuance Facility**"). Accordingly, bonds of different series may be issued under the Master Trust Deed from time to time. The Master Trust Deed as supplemented by the Supplemental Trust Deed, and as further modified and/or supplemented and/or restated from time to time in respect of the Bonds, is referred to in this Prospectus as the "**Trust Deed**".

Each series of bonds issued under the Issuance Facility will be attributed a Series number by the Issuer. The Series number attributed to the Bonds is 8.

Managers transacting with the Issuer and the Charity

Peel Hunt LLP and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and/or the Charity and their respective affiliates in the ordinary course of business.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to the Bonds.

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IMPORTANT LEGAL INFORMATION

This section sets out some important information relating to this Prospectus, including who takes responsibility for its preparation.

IMPORTANT LEGAL INFORMATION

What is this document?

This document is a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”). The Prospectus Directive and associated legislation requires that issuers of bonds and other instruments must prepare a prospectus in certain circumstances. It also prescribes the type of information which such a prospectus must contain, depending on the nature of the issuer and of the bonds being issued.

Responsibility for this Prospectus

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

In addition to the Issuer, the Charity accepts responsibility for the information contained in Section 1 (“*Summary*”) (in so far as the information relates to the Charity only), Section 2 (“*Risk Factors - Factors that may affect the Charity’s ability to fulfil its obligations under the Loan Agreement*”), Section 3 (“*Description of the Charity*”), Section 4 (“*Information about the Bonds*”) (insofar as the information relates to the Charity only), the information relating to it under the headings “*Material or Significant Change*”, “*Litigation*” and “*Auditors*” in Section 10 (“*Additional Information*”) and Appendix E (“*Charity’s Financial Statements For The Years Ended 31 March 2015, 31 March 2016 And 31 March 2017*”). To the best of the knowledge of the Charity (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

No other person responsible

None of the Manager, the Charity (save as indicated above), the Servicer, the Trustee or any of the paying or transfer agents referred to in this Prospectus has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Manager, the Charity, the Servicer, the paying or transfer agents or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Bonds. None of the Manager, the Charity, the Servicer, the paying or transfer agents or the Trustee accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Bonds.

No person is or has been authorised by the Issuer, the Charity, the Servicer, the Trustee or the Manager to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Charity, the Servicer, the Trustee or the Manager.

No recommendation

Neither this Prospectus nor any other information supplied in connection with the Bonds (i) is intended to provide the sole basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Charity, the Trustee, the Servicer or the Manager that any recipient of this Prospectus or any other information supplied in connection with the Bonds should subscribe for or purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Charity. Neither this Prospectus nor any other information supplied in connection with the issue of the Bonds constitutes an offer or invitation by

or on behalf of the Issuer, the Charity, the Trustee, the Servicer or the Manager to any person to subscribe for or to purchase any Bonds.

PUBLIC OFFER OF THE BONDS

Authorised Offerors

If, in the context of the Public Offer (as defined below), you are offered Bonds by any entity, you should check that such entity is authorised to use this Prospectus for the purposes of making such offer before agreeing to purchase any Bonds. To be authorised to use this Prospectus in connection with the Public Offer (referred to below as an “**Authorised Offeror**”), an entity must comply with the Conditions to Consent referred to below and either be:

- the Manager, AJ Bell Securities Limited, Cornhill Capital, Equiniti Financial Services Limited, iDealing.com Limited, Redmayne-Bentley LLP or Shore Capital Stockbrokers Ltd; or
- named on the Issuer’s website (<http://www.retailcharitybonds.co.uk/bonds/gh2017>) and identified as an Authorised Offeror in respect of the Public Offer; or
- authorised to make such offers under the Financial Services and Markets Act 2000, as amended, or other applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) and have published on its website that it is using this Prospectus for the purposes of the Public Offer in accordance with the consent of the Issuer.

Other than as set out above, none of the Issuer, the Charity, the Servicer or the Manager has authorised the making of a Public Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with any offer of the Bonds.

Conditions to Consent

Valid offers of Bonds may only be made by an Authorised Offeror in the context of the Public Offer in the United Kingdom and during the period from 1 November 2017 to 12.00 noon (London time) on 15 November 2017 (referred to below as the “**Conditions to Consent**”).

If in any doubt about whether you can rely on this Prospectus and/or who is responsible for its contents, you should take legal advice.

Please see below for certain important legal information relating to the Public Offer.

Offer Jurisdictions

This Prospectus has been prepared for the purposes of an offer of the Bonds in the following jurisdictions only:

- United Kingdom;
- Jersey;
- Guernsey; and
- Isle of Man.

The United Kingdom is a Member State of the European Economic Area which has implemented the Prospectus Directive. The Prospectus Directive requires that offers of Bonds can only be made to the public in the United Kingdom in circumstances where (i) the offer is made on the basis of an approved Prospectus or (ii) the offer is made under an exemption from the requirement for an approved Prospectus under the Prospectus Directive. In this Prospectus, an offer of the type described in (i) is referred to as a “**Public Offer**”.

The Prospectus has been approved by the UK Listing Authority as competent authority in the United Kingdom. Accordingly, this Prospectus may be used by Authorised Offerors (as described below) to make Public Offers of the Bonds in the United Kingdom during the period from 1 November 2017 to 12.00 noon (London time) on 15 November 2017.

Jersey, Guernsey and the Isle of Man are not Member States of the European Economic Area and, accordingly, the Prospectus Directive does not apply to those jurisdictions. The section “*Authorised Offerors and Consent to use this Prospectus*” below is applicable only in the context of the Prospectus Directive and thus applies only to Public Offers of Bonds in the United Kingdom. Nevertheless, as a separate matter, each Authorised Offeror is also authorised by the Issuer to use the Prospectus in connection with offers of the Bonds to the public in Jersey, Guernsey and the Isle of Man during the period from 1 November 2017 to 12.00 noon (London time) on 15 November 2017, or such other time and date as agreed between the Issuer and the Manager and announced via a Regulatory Information Service (which is expected to be the Regulatory News Service operated by the London Stock Exchange) (the “**Offer Period**”) and in accordance with the applicable securities laws and regulations of those jurisdictions.

Persons who are not Authorised Offerors are not authorised to use this Prospectus to make any offers of the Bonds in any jurisdiction. A potential investor in the Bonds should satisfy itself that the person purporting to make an offer of the Bonds to such potential investor is an Authorised Offeror.

Save as provided above, none of the Issuer, the Charity, the Servicer or the Manager has authorised, nor do they authorise, the making of any offer of Bonds in circumstances in which an obligation arises for the Issuer or any other person to publish or supplement a prospectus for such offer.

Authorised Offerors and Consent to use this Prospectus

The Issuer accepts responsibility for the content of this Prospectus with respect to the resale or final placement of the Bonds by any Authorised Offeror (as defined below), provided that the conditions attached to that consent are complied with by the Authorised Offeror (General and Specific Consent).

The Charity accepts responsibility for the content of this Prospectus with respect to the resale or final placement of the Bonds by any Authorised Offeror, provided that the conditions attached to that consent are complied with by the Authorised Offeror (General Consent only).

This Prospectus can only be used in connection with Public Offers of Bonds by persons to whom the Issuer and the Charity have given their consent (Specific Consent or General Consent) to use the Prospectus, in accordance with Article 3.2 of the Prospectus Directive. Persons to whom the Issuer and, as applicable, the Charity have given such consent are referred to herein as the “**Authorised Offerors**”.

The Specific Consent and the General Consent are subject to the conditions described under “*Conditions to Consent*” below.

Specific Consent

The Issuer consents (the “**Specific Consent**”) to the use of this Prospectus in connection with the Public Offer of Bonds in the United Kingdom during the Offer Period by:

- the Manager;

- AJ Bell Securities Limited, Cornhill Capital, Equiniti Financial Services Limited, iDealing.com Limited, Redmayne-Bentley LLP and Shore Capital Stockbrokers Ltd; and
- any other financial intermediary appointed after the date of this Prospectus and whose name and address is published on the Issuer’s website (<http://www.retailcharitybonds.co.uk/bonds/gh2017>) and identified as an Authorised Offeror in respect of the Public Offer.

General Consent

In addition to the specific consents given above, the Issuer and the Charity also consent (the “**General Consent**”) and hereby offer to grant their consent to the use of this Prospectus in connection with a Public Offer of the Bonds in the United Kingdom during the Offer Period by any financial intermediary which satisfies the following conditions:

- (1) it is authorised to make such offers under the Financial Services and Markets Act 2000, as amended, or other applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) (in which regard, potential investors should consult the Financial Services Register maintained by the Financial Conduct Authority at: www.fca.org.uk/firms/systems-reporting/register); and
- (2) it accepts the Issuer’s and the Charity’s offer to grant consent to the use of this Prospectus by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

*“We, [insert legal name of financial intermediary], refer to the offer of 3.9 per cent. Bonds due 23 November 2027 (the “**Bonds**”) described in the Prospectus dated 1 November 2017 (the “**Prospectus**”) published by Retail Charity Bonds PLC (the “**Issuer**”). In consideration of the Issuer and the Charity offering to grant their consent to our use of the Prospectus in connection with the offer of the Bonds in the United Kingdom (the “**Public Offer**”) during the Offer Period and subject to the other conditions to such consent, each as specified in the Prospectus, we hereby accept the offer by the Issuer and the Charity in accordance with the Authorised Offeror Terms (as specified in the Prospectus) and confirm that we are using the Prospectus accordingly”.*

The “**Authorised Offeror Terms**”, being the terms to which the relevant financial intermediary agrees in connection with using the Prospectus, are set out below under “*Authorised Offeror Terms and Authorised Offeror Contract*”. Any financial intermediary wishing to use the Prospectus in connection with a Public Offer of the Bonds on the basis of the Issuer’s and the Charity’s General Consent pursuant to the foregoing provisions must read the Authorised Offeror Terms carefully. By publishing the statement at paragraph (2) above on its website, such financial intermediary will enter into a contract with the Issuer and the Charity on the terms of the Authorised Offeror Terms.

Any financial intermediary who wishes to use this Prospectus in connection with a Public Offer of the Bonds on the basis of the Issuer’s and the Charity’s General Consent is required, for the duration of the Offer Period, to publish on its website the statement (duly completed) specified at paragraph (2) above.

Conditions to Consent

The conditions to the Issuer’s Specific Consent and the Issuer’s and the Charity’s General Consent (in addition to the Conditions described above) are that such consent:

- (a) is only valid in respect of the Bonds;
- (b) is only valid during the Offer Period; and

- (c) only extends to the use of this Prospectus to make Public Offers of the Bonds in the United Kingdom.

Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of any Public Offer of Bonds, each of the Issuer and the Charity (in relation to the information indicated on page 2 of this Prospectus only) accepts responsibility, in the United Kingdom, for the content of this Prospectus in relation to any person (an “**Investor**”) who purchases any Bonds in a Public Offer made by an Authorised Offeror, where that offer is made during the Offer Period and provided that the conditions attached to the giving of the consent for the use of this Prospectus are complied with. Such consent and conditions are described above under “*Authorised Offerors and Consent to use this Prospectus*”.

None of the Issuer, the Charity, the Servicer or the Manager has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such Public Offer.

Save as provided above, none of the Issuer, the Charity, the Servicer or the Manager has authorised the making of any Public Offer by any offeror and the Issuer has not consented to the use of this Prospectus by any other person in connection with any Public Offer of Bonds. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuer, the Charity, the Servicer or the Manager accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Bonds by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Prospectus for the purposes of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents it should take legal advice.

ARRANGEMENTS BETWEEN INVESTORS AND THE FINANCIAL INTERMEDIARIES WHO WILL DISTRIBUTE THE BONDS

IN THE EVENT OF ANY PUBLIC OFFER BEING MADE BY AN AUTHORISED OFFEROR, THE AUTHORISED OFFEROR WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE PUBLIC OFFER AT THE TIME THE PUBLIC OFFER IS MADE.

Authorised Offeror Terms and Authorised Offeror Contract

This section sets out the Authorised Offeror Terms in connection with the Issuer’s and the Charity’s General Consent for use of the Prospectus in connection with Public Offers of the Bonds as described under “Authorised Offerors and Consent to use this Prospectus” above. Any financial intermediary who intends to use the Prospectus on the basis of such General Consent must read this section carefully.

The “**Authorised Offeror Terms**”, being the terms to which the relevant financial intermediary agrees in connection with using this Prospectus, are that the relevant financial intermediary:

- (1) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer, the Charity and the Manager that it will, at all times in connection with the Public Offer:
 - (a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “**Rules**”), including the Rules published by the United Kingdom Financial Conduct Authority (“**FCA**”) (including the guidance published by the FCA (or its predecessor, the Financial Services Authority) for distributors in “*The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*”) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Bonds by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the Manager

if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

- (b) comply with the restrictions set out under Section 9 (“*Subscription and Sale*”) in this Prospectus which would apply as if it were a Manager;
- (c) ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Bonds does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
- (d) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Bonds under the Rules, including authorisation under the Financial Services and Markets Act 2000 and/or the Financial Services Act 2012;
- (e) comply with applicable anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Bonds by the Investor), and will not permit any application for Bonds in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
- (f) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Manager and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the Manager in order to enable the Issuer and/or the Manager to comply with anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules applying to the Issuer and/or the Manager;
- (g) ensure that no holder of Bonds or potential Investor in Bonds shall become an indirect or direct client of the Issuer or the Manager for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- (h) co-operate with the Issuer and the Manager in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer or the Manager as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the Manager:
 - (i) in connection with any request or investigation by the FCA or any other regulator in relation to the Bonds, the Issuer or the Manager; and/or
 - (ii) in connection with any complaints received by the Issuer and/or the Manager relating to the Issuer and/or the Manager or another Authorised Offeror including, without limitation, complaints as defined in rules published by the FCA and/or any other regulator of competent jurisdiction from time to time; and/or
 - (iii) which the Issuer or the Manager may reasonably require from time to time in relation to the Bonds and/or as to allow the Issuer or the Manager fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

- (i) during the period of the initial offering of the Bonds: (i) not sell the Bonds at any price other than the Issue Price (unless otherwise agreed with the Manager); (ii) not sell the Bonds otherwise than for settlement on the Issue Date; (iii) not appoint any sub-distributors (unless otherwise agreed with the Manager); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Bonds (unless otherwise agreed with the Manager); and (v) comply with such other rules of conduct as may be reasonably required and specified by the Manager;
 - (j) either (i) obtain from each potential Investor an executed application for the Bonds, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Bonds on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
 - (k) ensure that it does not, directly or indirectly, cause the Issuer or the Manager to breach any Rule or subject the Issuer or the Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
 - (l) comply with the conditions to the consent referred to under “*Conditions to Consent*”. above;
 - (m) make available to each potential Investor in the Bonds this Prospectus (as supplemented as at the relevant time, if applicable) and any information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Prospectus; and
 - (n) if it conveys or publishes any communication (other than this Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the Public Offer) in connection with the Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer, the Charity and the Manager accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer, the Charity or the Manager (as applicable), use the legal or publicity names of the Issuer, the Charity or the Manager or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Bonds on the basis set out in this Prospectus;
- (2) agrees and undertakes to indemnify each of the Issuer, the Charity and the Manager (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel’s fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Charity or the Manager; and

- (3) agrees and accepts that:
- (a) the contract between the Issuer, the Charity and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's and the Charity's offer to use this Prospectus with its consent in connection with the Public Offer (the "**Authorised Offeror Contract**"), and any non- contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
 - (b) subject to (e) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer, the Charity and the financial intermediary submit to the exclusive jurisdiction of the English courts;
 - (c) for the purposes of (3)(b) and (d), the financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;
 - (d) to the extent allowed by law, the Issuer, the Charity and the Manager may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
 - (e) the Charity, and the Manager will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

PUBLIC OFFERS: ISSUE PRICE AND OFFER PRICE

The Bonds will be issued by the Issuer at the Issue Price of 100 per cent. The Issue Price has been determined by the Issuer in consultation with the Manager. The offer price at which the Authorised Offerors will offer the Bonds to an Investor will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Bonds to such Investor. The Issuer is not party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Bonds to such Investor.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF BONDS GENERALLY

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer, the Charity, the Trustee, the Servicer and the Manager do not represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Charity, the Trustee, the Servicer or the Manager which is intended to permit a public offering of any Bonds or distribution of this Prospectus in any jurisdiction other than the United Kingdom, Jersey, Guernsey and the Isle of Man. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any

such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States, the European Economic Area (including the United Kingdom), Jersey, Guernsey and the Isle of Man – see Section 9 (“*Subscription and Sale*”) in this Prospectus.

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”). Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account of, US persons (see Section 9 (“*Subscription and Sale*”) in this Prospectus).

In certain circumstances, investors may also hold interests in the Bonds through CREST through the issue of CDIs representing interests in Underlying Bonds. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). Neither the Bonds nor any rights attached to the Bonds will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. CDI Holders will not be entitled to deal directly in the Bonds and, accordingly, all dealings in the Bonds will be effected through CREST in relation to the holding of CDIs. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

A

APPENDIX A

DEFINED TERMS INDEX

The following is an index that indicates the location in this Prospectus where certain capitalised terms have been defined.

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All references in this Prospectus to “sterling” and “£” refer to the lawful currency of the United Kingdom. All references in this Prospectus to “Euro” and “€” are to the currency introduced at the start of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

References to the singular in this document shall include the plural and *vice versa*, where the context so requires. All references to time in this Prospectus are to London time.

B

APPENDIX B

TERMS AND CONDITIONS OF THE BONDS

TERMS AND CONDITIONS OF THE BONDS

The following are the Terms and Conditions of the Bonds which will be incorporated by reference into each Global Bond (as defined below) and each certificate representing definitive Bonds, if issued.

This Bond is one of a Series (as defined below) of Bonds issued by Retail Charity Bonds PLC (the “**Issuer**”) constituted by a Master Trust Deed dated 26 June 2014 (as modified and/or supplemented and/or restated from time to time, the “**Master Trust Deed**”) as supplemented by a Supplemental Trust Deed dated 23 November 2017 (the “**Supplemental Trust Deed**”), in each case made between the Issuer and Prudential Trustee Company Limited (the “**Trustee**”, which expression shall include any successor as Trustee). The Master Trust Deed as supplemented by the Supplemental Trust Deed, and as further modified and/or supplemented and/or restated from time to time in respect of the Bonds, is referred to in these Conditions as the “**Trust Deed**”.

References herein to the “**Bonds**” shall be references to the Bonds of this Series and shall mean:

- (a) for so long as such Bonds are represented by a global Bond (a “**Global Bond**”), units of each Specified Denomination in Sterling; and
- (b) such Global Bond.

The Bonds have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 26 June 2014 and made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as issuing and principal paying agent (the “**Agent**”, which expression shall include any successor agent), The Bank of New York Mellon, London Branch as registrar (the “**Registrar**”, which expression shall include any successor registrar and together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), and a transfer agent and the other transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents). The Agent, the Paying Agents, the Registrar and the Transfer Agents together are referred to in these Conditions as the “**Paying and Transfer Agents**”.

Any reference to “**Bondholders**” or “**holders**” in relation to any Bonds shall mean the persons in whose name the Bonds are registered and shall, in relation to any Bonds represented by a Global Bond, be construed as provided below. The Trustee acts for the benefit of the holders for the time being of the Bonds in accordance with the provisions of the Trust Deed.

As used herein, “**Tranche**” means a tranche of bonds issued by the Issuer and constituted by the Trust Deed (including any supplemental trust deed supplemental thereto) which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of bonds issued by the Issuer together with any further Tranche or Tranches of bonds issued by the Issuer which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective issue dates, interest commencement dates and/or issue prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office of the Issuer, the principal office for the time being of the Trustee, being at Laurence Pountney Hill, London EC4R 0HH, and at the specified office of each of the Paying Agents, the Registrar and the other Transfer Agents. The Bondholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided

that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail.

1. DEFINITIONS

In these Conditions:

“**Account Agreement**” means the account agreement dated 26 June 2014 and made between the Issuer, the Trustee, the Administration Services Provider, the Loan Management Servicer and the Account Bank;

“**Account Bank**” means National Westminster Bank plc as account bank pursuant to the Account Agreement or any successor account bank appointed thereunder;

“**Accrual Date**” has the meaning given to it in Condition 8.3;

“**Administration Services Provider**” means Allia Impact Finance Ltd. pursuant to the Services Agreement or any successor administration services provider appointed thereunder;

“**Adjusted Rate of Interest**” has the meaning given to it in Condition 8.4;

“**Appointee**” means any attorney, manager, agent, delegate, nominee, custodian, receiver or other person appointed by the Trustee under the Trust Deed;

“**Arrangement Fee**” has the meaning given to it in the Loan Agreement;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business in London;

“**Charity**” means Golden Lane Housing Ltd;

“**Clearstream, Luxembourg**” has the meaning given to it in Condition 2;

“**Charged Assets**” has the meaning given to it in Condition 5;

“**Code**” has the meaning given to it in Condition 9.3;

“**Commitment Agreement**” means a commitment agreement entered into between, *inter alios*, the Issuer and the Charity for the purpose of confirming the terms upon which the Issuer will make the Loan available to the Charity;

“**Custodian**” means The Bank of New York Mellon, London Branch in its capacity as bond custodian in respect of the Retained Bonds (or any successor or replacement custodian thereto);

“**Custody Agreement**” means the custody agreement dated the Issue Date between the Issuer and the Custodian (or such other custody agreement entered into from time to time between the Issuer and the Custodian) in respect of the Retained Bonds;

“**Day Count Fraction**” has the meaning given to it in Condition 8.3;

“**Deferred Principal**” has the meaning given to it in Condition 10.3;

“**Designated Account**” has the meaning given to it in Condition 9.2;

“**Designated Bank**” has the meaning given to it in Condition 9.2;

“**Event of Default**” has the meaning given to it in Condition 13.1;

“**Euroclear**” has the meaning given to it in Condition 2;

“**Exchange Event**” has the meaning given to it in Condition 2;

“**Expected Maturity Date**” has the meaning given to it in Condition 10.1;

“**Expense Reserve Account**” means the account of the Issuer established with National Westminster Bank plc for payment of expenses incurred by the Issuer in connection with, *inter alia*, the issue of the Bonds;

“**FA Selected Bond**” means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Bonds that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Bonds and of a comparable maturity to the remaining term of the Bonds;

“**Final Redemption Amount**” has the meaning given to it in Condition 10.1;

“**Financial Adviser**” means an independent financial adviser acting as an expert selected by the Issuer and approved in writing by the Trustee;

“**Gross Redemption Yield**” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Financial Adviser on the basis set out by the UK Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts/Double dated and Updated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve;

“**Interest Commencement Date**” means the Issue Date;

“**Interest Deferred Amount**” has the meaning given to it in Condition 8.5;

“**Interest Payment Date**” means 23 May and 23 November in each year from (and including) the Issue Date up to (and including) the Expected Maturity Date or the Legal Maturity Date (as the case may be);

“**Interest Period**” means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each subsequent period from (and including) an Interest Payment Date to (but excluding) the next successive Interest Payment Date;

“**Interest Residual Amount**” has the meaning given to it in Condition 8.5;

“**Issuance Facility**” means the facility established by the Issuer for the purposes of issuing bonds (such as the Bonds) under the Issuance Facility Agreement and Master Trust Deed and on-lending the proceeds thereof to charities (such as the Charity) from time to time;

“**Issuance Facility Agreement**” means the agreement relating to the Issuance Facility entered into between the Issuer and the dealers from time to time appointed in respect of the Issuance Facility, as amended and/or supplemented and/or restated from time to time;

“**Issuance Facility Amount**” means the maximum aggregate nominal amount of bonds which are permitted to be outstanding under the Master Trust Deed at any one time, which as at the Issue Date is

£1,000,000,000 and which may be increased or decreased from time to time as provided in the Issuance Facility Agreement;

“Issuance Facility Documents” means (i) the Loan Agreement, (ii) any other loan agreements entered into in relation to any other bonds issued by the Issuer pursuant to the Master Trust Deed, (iii) the Master Trust Deed, (iv) the Supplemental Trust Deed, (v) any other supplemental trust deeds entered into in connection with the Master Trust Deed from time to time, (vi) the Agency Agreement, (vii) the Account Agreement, (viii) the Issuance Facility Agreement, (ix) the Services Agreement and (x) any Commitment Agreement;

“Issue Date” means 23 November 2017;

“Legal Maturity Date” has the meaning given to it in Condition 10.3;

“Loan” means the loan granted by the Issuer to the Charity on the terms of the Loan Agreement;

“Loan Agreement” means the Loan Agreement to be dated on or around the Issue Date and entered into between the Issuer and the Charity in connection with the Loan;

“Loan Management Servicer” means Allia Impact Finance Ltd. pursuant to the Services Agreement or any successor loan management servicer appointed thereunder;

“Optional Loan Prepayment Date” has the meaning given to it in Condition 10.2;

“Origination Manager” means Allia Impact Finance Ltd. pursuant to the Services Agreement or any successor origination manager appointed thereunder;

“Payment Day” has the meaning given to it in Condition 9.5;

“Post-Enforcement Priority of Payment” has the meaning given to it in Condition 6.2;

“Pre-Enforcement Priority of Payment” has the meaning given to it in Condition 6.1;

“Rate of Interest” has the meaning given to it in Condition 8.1;

“Reference Date” will be set out in the relevant notice of redemption pursuant to Condition 10.2;

“Register” has the meaning given to it in Condition 2;

“Relevant Date” has the meaning given to it in Condition 12;

“Retained Bonds” means the Bonds purchased by the Issuer on the Issue Date and held pursuant to the Custody Agreement;

“Secured Parties” means the Trustee (for itself and the Bondholders), the Custodian, the Paying and Transfer Agents, the Administration Services Provider and the Loan Management Servicer;

“Security” has the meaning given to it in Condition 5;

“Services Agreement” means the services agreement entered into between the Issuer, the Origination Manager, the Administration Services Provider and the Loan Management Servicer dated 26 June 2014, as amended and/or supplemented and/or restated from time to time;

“Specified Denomination” has the meaning given to it in Condition 2;

“**Series Charged Account**” means the account of the Issuer established with National Westminster Bank plc, into which the Issuer shall deposit all payments of principal and interest received by it pursuant to the Loan Agreement prior to payment in accordance with Condition 6;

“**Sterling Make-Whole Redemption Amount**” has the meaning given to it in Condition 10.2;

“**Taxes**” has the meaning given to it in Condition 11; and

“**unpaid principal**” has the meaning given to it in Condition 10.3.

2. **FORM, DENOMINATION AND TITLE**

The Bonds are in registered form without coupons attached in Sterling and in denominations of £100 each (the “**Specified Denomination**”).

The Bonds will be issued outside the US in reliance on the exemption from registration provided by Regulation S under the Securities Act (“**Regulation S**”).

The Bonds will initially be represented by a global bond in registered form (a “**Global Bond**”). The Global Bond will be deposited with and registered in the name of a common nominee of, a common depository for, Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”).

Payments of principal, interest and any other amount in respect of the Global Bond will be made to or to the order of the person shown on the Register (as defined in this Condition 2 as the registered holder of the Global Bond). None of the Issuer, any Paying Agent, the Servicer, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Bond or for maintaining, supervising, investigating, monitoring or reviewing any records relating to such beneficial ownership interests.

Interests in the Global Bond will be exchangeable (free of charge), in whole but not in part, for definitive bonds without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds represented by the Global Bond in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Bondholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Bond) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in part (iii) of the definition of “**Exchange Event**” above, the Issuer may also give notice to the Registrar requesting the exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

In the event that the Global Bond is required, in accordance with its terms, to be exchanged for definitive Bonds, such amendments shall be made to these Conditions, the Trust Deed and the Agency Agreement to reflect the exchange into definitive form as the Trustee may approve or require.

Subject as set out below, title to the Bonds will pass upon registration of transfers in the register of holders maintained by the Registrar (the “**Register**”) in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and the Paying and Transfer Agents will (except as otherwise required by law) deem and treat the registered holder of any Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of the Global Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Bonds is represented by the Global Bond held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Paying and Transfer Agents as the holder of such nominal amount of such Bonds for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Bonds, for which purpose the registered holder of the Global Bond shall be treated by the Issuer, Trustee and any Paying and Transfer Agent as the holder of such nominal amount of such Bonds in accordance with and subject to the terms of the Global Bond and the expressions “**Bondholder**” and “**holder of Bonds**” and related expressions shall be construed accordingly.

Bonds which are represented by the Global Bond will be transferable only in book-entry form in Euroclear and Clearstream, Luxembourg in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system in which the Bonds may be cleared from time to time and approved by the Issuer, the Agent and the Trustee.

In determining whether a particular person is entitled to a particular nominal amount of Bonds as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

The Retained Bonds will be purchased by and held by or for the account of the Issuer following issue and may be sold or otherwise disposed of in whole or in part by private treaty at any time, and shall cease to be Retained Bonds to the extent of and upon such sale or disposal.

Retained Bonds shall, pending sale or disposal by the Issuer, carry the same rights and be subject in all respects to the same Conditions as the other Bonds, except that the Retained Bonds will not be treated as outstanding for the purposes of determining quorum or voting at meetings of Bondholders or of considering the interests of the Bondholders save as otherwise provided in the Trust Deed. Bonds which have ceased to be Retained Bonds shall carry the same rights and be subject in all respects to the same Conditions as the other Bonds.

3. TRANSFERS OF BONDS

3.1 Transfers of interests in the Global Bond

Transfers of beneficial interests in the Global Bond will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. Bonds, including beneficial book-entry interests in the Global Bond, will, subject to compliance with all applicable legal and regulatory restrictions, be transferable only in whole multiples of the Specified

Denomination and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

3.2 Costs of registration

Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer of Bonds acquired by them, with two exceptions. These exceptions are:

1. any costs or expenses of delivery other than by regular uninsured mail; and
2. that the Issuer or the Paying or Transfer Agents may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that is imposed in relation to the registration.

4. STATUS OF THE BONDS

The Bonds are direct, unsubordinated limited recourse obligations of the Issuer, are secured in the manner set out in Condition 5, and rank *pari passu* among themselves.

5. SECURITY

The Issuer's obligations in respect of the Bonds are secured (subject as provided in these Conditions and the Master Trust Deed) pursuant to the Trust Deed in favour of the Trustee for the benefit of itself and the Bondholders and the other Secured Parties as follows:

- (a) by an assignment by way of security of the Issuer's rights, title and interest, present and future, arising under the Loan Agreement and the Commitment Agreement;
- (b) by a charge by way of first fixed charge over all the Issuer's rights, title and interest, present and future, in and to all sums of money standing to the credit of the Series Charged Account, together with all interest accruing from time to time thereon (if any) and the debts represented thereby;
- (c) by an assignment by way of security of the Issuer's rights, title and interest, present and future, arising under the Agency Agreement, the Account Agreement (excluding so far as it relates to the Expense Reserve Account or the Issuer Profit Account) and the Services Agreement, in each case to the extent it relates to the Bonds; and
- (d) by a charge by way of first fixed charge over all sums held from time to time by the Paying Agents for the payment of principal or interest in respect of the Bonds.

The property charged and assigned pursuant to the Trust Deed listed in paragraphs (a) to (d) above, together with any other property or assets held by and/or assigned to the Trustee and/or any deed or document supplemental thereto, in each case to the extent that they relate to the Bonds, is referred to herein as the "**Charged Assets**" and the security created thereby, the "**Security**".

The Security shall become enforceable upon (i) the Bonds becoming due and repayable pursuant to Condition 13.1 or (ii) subject to Condition 10.3, any failure for any reason of the Issuer to repay the Bonds when due.

6. ORDER OF PAYMENTS

6.1 Pre-Enforcement

Prior to the enforcement of the Security, the Issuer shall apply the monies standing to the credit of the Series Charged Account, on each Interest Payment Date up to, and including, the Expected Maturity Date (and, if the Bonds are not redeemed in full on the Expected Maturity Date, each Interest Payment Date up to, and including, the Legal Maturity Date) and such other dates on which payment is due in respect of the Bonds in the following order of priority (the “**Pre-Enforcement Priority of Payment**”):

- (a) first, in payment or satisfaction of any amounts of Arrangement Fee due and payable to the Issuer to the extent that such amounts have not been paid by the Charity under the Loan Agreement;
- (b) secondly, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;
- (c) thirdly, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal and any other amounts due and payable in respect of the Bonds; and
- (d) fourthly, any excess to be deposited in the Expense Reserve Account.

6.2 Post-Enforcement

Following the enforcement of the Security, the net proceeds of enforcement of the Security shall be applied in the following order of priority (the “**Post-Enforcement Priority of Payment**”):

- (a) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities due to the Trustee, any Appointee or any receiver under the Master Trust Deed (including the costs of realising any Security and the Trustee’s and such receiver’s remuneration), together with (if payable) any amount in respect of VAT payable thereon as provided for therein, insofar as they relate to the enforcement of the provisions of the Bonds and/or the related Loan;
- (b) secondly, in payment of any unpaid fees, costs, charges, expenses and liabilities due to (i) the Paying and Transfer Agents and/or (ii) the Custodian (together with (if payable) any amount in respect of VAT payable thereon as provided for in the Agency Agreement) insofar as they relate to the Bonds and/or the Retained Bonds, as applicable, and such unpaid fees, costs, charges, expenses and liabilities are not otherwise paid out of the Expense Reserve Account;
- (c) thirdly, in payment of any unpaid fees, costs, charges, expenses and liabilities incurred by the Loan Management Servicer or the Administration Services Provider (together with (if payable) any amount in respect of VAT payable thereon as provided for in the Services Agreement) insofar as they relate to the enforcement of the provisions of the Bonds and/or the related Loan;
- (d) fourthly, in payment of an amount equal to any amounts in respect of Arrangement Fee which are due but unpaid by the Charity under the Loan Agreement to be credited to the Expense Reserve Account, provided however that if some or all of such Arrangement Fees are subsequently paid by the Charity then such amounts shall be applied in accordance with paragraphs (e) to (g) below rather than being deposited into the Expense Reserve Account;
- (e) fifthly, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;

- (f) sixthly, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal and any other amounts due and payable in respect of the Bonds; and
- (g) seventhly, any excess to be deposited in the Expense Reserve Account.

7. COVENANTS

So long as any of the Bonds remain outstanding, the Issuer covenants that it will not, without the consent of the Trustee:

- (a) engage in any activity or do anything other than: issue bonds under the Issuance Facility, subject always to the Issuance Facility Amount prevailing from time to time; on-lend the proceeds of the issue of such bonds to charities; perform its obligations under the Issuance Facility Documents; and perform any act incidental to or necessary in connection with the aforesaid at all times in accordance with its constitutional documents;
- (b) have any employees or subsidiary companies, act as director of any other entity, consolidate or merge with any other person, convey or transfer its properties or assets substantially as an entirety to any person (save as provided in the Master Trust Deed), give any guarantee or indemnity or create or permit to subsist, over any of the security constituted by or created pursuant to the Trust Deed, any mortgage or charge or any other security interest over its assets other than pursuant to the Master Trust Deed or any Supplemental Trust Deed;
- (c) pay any dividend or make any other distribution to its shareholders or issue any further shares;
- (d) apply to become part of any group for the purposes of section 43 to 43D of the VAT Act 1994 with any other company or group of companies, or for the purposes of any act, regulation, order, statutory instrument or directive which, from time to time, may re-enact, replace, amend, vary, codify, consolidate or repeal the VAT Act 1994, unless required to do so by law;
- (e) take any action which would lead to the dissolution, liquidation or winding-up of itself (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator) or to the amendment of its constitutional documents or to the impairment of the rank, validity and effectiveness of any security created pursuant to the Master Trust Deed; or
- (f) prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Securitisation Regulations.

8. INTEREST

8.1 Rate of Interest

Each Bond bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at a rate of 3.9 per cent. per annum (the “**Rate of Interest**”). Interest will be payable semi-annually in arrear on each Interest Payment Date and the amount of interest payable in respect of the Bonds on each Interest Payment Date will be £1.95 per Bond of Specified Denomination.

8.2 Accrual of interest

Interest shall cease to accrue on each Bond from the due date for its redemption unless payment of principal on such Bond is improperly withheld or refused. In such event, interest will continue to accrue at the Rate of Interest as provided in the Trust Deed.

8.3 Calculation of broken interest amounts

If interest is required to be paid in respect of any accrual period which is less than a full Interest Period, the amount of interest payable in respect of such accrual period shall be calculated by applying the Rate of Interest to the aggregate outstanding nominal amount of the Bonds represented by the Global Bond, multiplying such sum by the Day Count Fraction and rounding the resultant figure to the nearest one penny, half of a penny being rounded upwards.

“**Day Count Fraction**” means the actual number of days in the period from (and including) the date from which interest begins to accrue (the “**Accrual Date**”) to (but excluding) the date on which it falls due divided by twice the actual number of days from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date.

8.4 Adjustment of Rate of Interest

If payment of principal is deferred in accordance with Condition 10.3, the Rate of Interest will be increased by an additional 1.00 per cent. per annum (such Rate of Interest as increased pursuant to this Condition 8.4 the “**Adjusted Rate of Interest**”) from, and including, the Expected Maturity Date to, but excluding, the Legal Maturity Date. The Issuer shall give notice of such increase to the Bondholders in accordance with Condition 16.

8.5 Deferral of interest in respect of withholding tax

To the extent that the Charity is required to pay interest to the Issuer under the Loan Agreement subject to a deduction or withholding for or on account of any tax and, as a result of such deduction or withholding, the amount standing to the credit of the Series Charged Account as being available to the Issuer on an Interest Payment Date after deducting the amounts referred to in paragraph (a) of the Pre-Enforcement Priority of Payment (such amount being the “**Interest Residual Amount**”) is insufficient to satisfy in full the aggregate amount of interest which is due in respect of the Bonds on such Interest Payment Date (including amounts which have previously been deferred under this Condition 8.5), there shall instead be due and payable on such Interest Payment Date by way of interest on the Bonds the Interest Residual Amount.

Any shortfall equal to the amount by which the aggregate amount of interest paid on the Bonds on any Interest Payment Date in accordance with this Condition 8.5 falls short of the aggregate amount of interest which is due in respect of the Bonds on such Interest Payment Date (an “**Interest Deferred Amount**”) shall become due and payable on the next following Interest Payment Date, subject to this Condition 8.5. This Condition 8.5 shall cease to apply on the earlier of (i) the Legal Maturity Date; (ii) the date on which the Bonds are redeemed and (iii) the date on which the Issuer is wound up, at which time all Interest Deferred Amounts shall become due and payable. To the extent that the Issuer is or may be entitled to a refund of tax so deducted or withheld, it must use reasonable endeavours to obtain such refund.

For the avoidance of doubt this Condition 8.5 shall not apply to any shortfall or insufficiency in the amounts available to satisfy in full the aggregate amount of interest which is due in respect of the Bonds other than arising as a result of a withholding or deduction for or on account of tax in respect of amounts due from the Charity to the Issuer under the Loan Agreement.

9. PAYMENTS

9.1 Method of payment

Subject as provided below, payments will be made by credit or transfer to a Sterling account maintained by the payee with a bank in London or by cheque in Sterling drawn on a bank in London.

9.2 Payments in respect of the Global Bond

Payments of principal in respect of each Bond represented by the Global Bond will (subject as provided below) be made against presentation and surrender of the Global Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Global Bond appearing in the Register at the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “**Designated Account**” means the account maintained by a holder with a Designated Bank and identified as such in the Register, and “**Designated Bank**” means a bank in London.

Payments of interest in respect of each Bond represented by the Global Bond will be made by transfer to the Designated Account of the holder (or the first named of joint holders) of the Global Bond appearing in the Register at the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date.

9.3 Payments subject to Fiscal and Other Laws

Payments on the Bonds will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental agreement in relation thereto.

9.4 General provisions applicable to payments

The holder of the Global Bond shall be the only person entitled to receive payments in respect of Bonds represented by the Global Bond and payment by or on behalf of the Issuer to, or to the order of, such holder of the Global Bond will discharge the Issuer’s obligations in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Bonds represented by the Global Bond must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by or on behalf of the Issuer to, or to the order of, the holder of such Global Bond.

None of the Issuer, the Trustee, the Origination Manager, the Loan Management Servicer, the Administration Services Provider or the Paying or Transfer Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Bond or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

9.5 Payment Day

If the date for payment of any amount in respect of any Bond is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, “**Payment Day**” means any day which (subject to Condition 12) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

9.6 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Bonds shall be deemed to include, as applicable:

- (a) the Final Redemption Amount of the Bonds;
- (b) the Sterling Make-Whole Redemption Amount of the Bonds; and
- (c) any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Bonds.

10. REDEMPTION AND PURCHASE

10.1 Redemption at maturity

Subject to Condition 10.3, unless previously redeemed or purchased and cancelled as specified below, each Bond will be redeemed on 23 November 2027 (the “**Expected Maturity Date**”) in Sterling by the Issuer at their principal amount outstanding (the “**Final Redemption Amount**”) together with accrued but unpaid interest to (but excluding) the Expected Maturity Date.

No payments of principal under the Bonds shall be made prior to the Expected Maturity Date except on an early redemption of the Bonds in accordance with Condition 10.2 or upon the Bonds becoming due and payable in accordance with Condition 13.

10.2 Redemption following prepayment of the Loan at the option of the Charity

If, in accordance with the Loan Agreement, the Charity elects to prepay the Loan as and when permitted to do so at a time prior to the repayment date specified in the Loan Agreement, then the Issuer will redeem all, but not some only, of the Bonds on the date which is two Business Days after the Optional Loan Prepayment Date and, for the avoidance of doubt, all Retained Bonds shall be cancelled.

In these Conditions, “**Optional Loan Prepayment Date**” means any date on which the Charity prepays the Loan under the Loan Agreement.

Each Bond redeemed pursuant to this Condition 10.2 will be redeemed in Sterling by the Issuer at the Sterling Make-Whole Redemption Amount.

In these Conditions “**Sterling Make-Whole Redemption Amount**” means an amount which is equal to the higher of (i) 100 per cent. of the outstanding principal amount of the Bonds to be redeemed and (ii) the outstanding principal amount of the Bonds to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Financial Adviser, at which the Gross Redemption Yield on such Bonds on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at 11.00 a.m. on the Reference Date of the FA Selected Bond, plus 0.50 per cent., all as determined by the Financial Adviser plus, in each case, any accrued interest on the Bonds to, but excluding, the Optional Loan Prepayment Date.

The Issuer will give not less than 15 nor more than 30 days’ notice to the Trustee and the Agent and, in accordance with Condition 16, the Bondholders (which notice shall be irrevocable), prior to the date of redemption of the Bonds pursuant to this Condition 10.2.

10.3 Deferral of principal

In the event that the Charity elects not to pay in full the amount of principal otherwise due on the Loan on the Expected Maturity Date in accordance with the terms of the Loan Agreement (the “**unpaid principal**”), the total principal amount otherwise due and payable on each Bond that is referable to the unpaid principal under the Loan (as calculated by a Financial Adviser) shall be deemed not to be due and payable on the Expected Maturity Date and such amount shall instead be deferred in accordance with this Condition 10.3 (the “**Deferred Principal**”).

Amounts in respect of Deferred Principal shall become due and payable on 23 November 2029 (the “**Legal Maturity Date**”). Interest shall continue to accrue on Deferred Principal in accordance with Condition 8 until the date on which such Deferred Principal is paid.

Notice of the application of this Condition 10.3 (including the amount of any unpaid principal and the subsequent receipt of any unpaid principal) shall be given by the Issuer to the Trustee, the Registrar, the Paying Agents, any stock exchange on which the Bonds are for the time being listed and, in accordance with Condition 16, the Bondholders, as promptly as practicable in the circumstances.

10.4 Purchases

The Issuer may not at any time purchase Bonds other than the Retained Bonds.

The Charity may at any time purchase Bonds in the open market or otherwise at any price, provided that, following any such purchase, the Charity shall surrender the Bonds to or to the order of the Issuer for cancellation. A principal amount equal to the principal amount of the Bonds being surrendered shall be deemed to be prepaid under the Loan Agreement (but, for the avoidance of doubt, without triggering a redemption under Condition 10.2).

If the Charity purchases any Bonds pursuant to this Condition 10.4, the Issuer shall cancel all Retained Bonds.

10.5 Cancellation

All Bonds which are redeemed, or purchased by the Charity and surrendered for cancellation, will forthwith be cancelled. All Bonds so cancelled shall be forwarded to the Agent and cannot be reissued or resold.

The Issuer may cancel any Retained Bonds held by it or on its behalf at any time following a request by the Charity, pursuant to the Loan Agreement, to cancel a corresponding amount of the undrawn portion of the Commitment (as defined in the Loan Agreement).

11. TAXATION

All payments in respect of the Bonds by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the relevant Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent shall be obliged to make any additional payments to Bondholders in respect of such withholding or deduction.

12. PRESCRIPTION

Claims in respect of principal and interest in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date therefor.

For these purposes, the “**Relevant Date**” means a day on which such payment first becomes due, except that, if the full amount of the moneys payable has not been received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to Bondholders in accordance with Condition 16.

13. EVENTS OF DEFAULT AND ENFORCEMENT

13.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Bonds then outstanding (excluding the Retained Bonds) or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its absolute satisfaction), (but in the case of the happening of any of the events described in paragraphs (b) and (d) to (f) inclusive below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders), give notice in writing to the Issuer that each Bond is, and each Bond shall thereupon immediately become, due and repayable at the Final Redemption Amount together with accrued but unpaid interest as provided in the Trust Deed (and the Security shall thereupon become enforceable) if any of the following events (each an “**Event of Default**”) shall occur:

- (a) if default is made (subject as provided in Condition 10.3) in the payment of any principal or interest due in respect of the Bonds or any of them and the default continues for a period of six days in the case of principal and five days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions or the Trust Deed, insofar as they relate to the Bonds, and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any order is made by any competent court or resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (d) if the Issuer ceases or threatens to cease to carry on the whole or substantially all of its business, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer stops payment of, or is unable to pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (e) if (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, liquidator, manager, administrator or other similar official, or an administrative or other receiver, liquidator, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking

or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days;

- (f) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (g) if (subject as provided in Condition 10.3) a default under the Loan Agreement is not remedied within 30 days of the occurrence thereof.

13.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action or steps (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Bonds and/or (to the extent that they relate to the Bonds or otherwise) any of the other Issuance Facility Documents and at any time after the Security becomes enforceable the Trustee may take the action specified in the Trust Deed to enforce the same, but it shall not be bound to take any such proceedings or other steps or action unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in nominal amount of the Bonds then outstanding (excluding the Retained Bonds) and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

No Bondholder shall be entitled to (i) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Trust Deed, the Bonds and/or (to the extent that they relate to the Bonds) the Issuance Facility Documents or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Trustee, having become bound so to take such action, steps or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

13.3 Limited Recourse

Notwithstanding any other Condition or any provision of any Issuance Facility Document, all obligations of the Issuer to the Bondholders are limited in recourse to the Charged Assets. If:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Trust Deed; and

- (c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Trust Deed, amounts outstanding under the Bonds (including payments of principal, premium and interest),

then the Bondholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium and/or interest in respect of the Bonds) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

In addition, none of the Bondholders or the other Secured Parties shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings or other proceedings under applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the issuance of the Bonds, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer and provided that the Trustee may enforce the Security and appoint an administrative or other receiver in accordance with the provisions of the Trust Deed.

14. REPLACEMENT OF BONDS

Should any Bond be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer or the Registrar may reasonably require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

15. PAYING AND TRANSFER AGENTS

The names of the initial Paying and Transfer Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent or Transfer Agent and/or appoint additional or other Paying Agents and/or Transfer Agents and/or approve any change in the specified office through which any Paying Agent or Transfer Agent acts, provided that:

- (a) there will at all times be an Agent and a Registrar; and
- (b) so long as the Bonds are listed on any stock exchange or admitted to listing or trading by any other relevant authority, there will at all times be a Paying Agent and a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any variation, termination, appointment or change in Paying Agents will be given to the Bondholders promptly by the Issuer in accordance with Condition 16.

In acting under the Agency Agreement, the Paying and Transfer Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Bondholders. The Agency Agreement contains provisions permitting any entity into which any Paying and Transfer Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying and/or, as the case may be, transfer agent.

16. NOTICES

For so long as all the Bonds are represented by the Global Bond and such Global Bond is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, all notices regarding the Bonds will be deemed to be validly given if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Bonds and, in addition, for so long as any Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Bonds on the first Business Day following the day on which it is so delivered to Euroclear and/or Clearstream, Luxembourg.

17. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

17.1 Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Bondholders holding not less than five per cent. in nominal amount of the Bonds for the time being remaining outstanding (excluding the Retained Bonds). The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Bonds for the time being outstanding (excluding the Retained Bonds), or at any adjourned meeting one or more persons being or representing Bondholders whatever the nominal amount of the Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Bonds or the Trust Deed (including modifying the date of maturity of the Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Bonds or altering the currency of payment of the Bonds), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Bonds for the time being outstanding (excluding the Retained Bonds), or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Bonds for the time being outstanding (excluding the Retained Bonds). The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-quarters of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-quarters in nominal amount of the Bonds for the time being outstanding (excluding the Retained Bonds) or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-quarters in nominal amount of the Bonds for the time being outstanding (excluding the Retained Bonds), shall, in each case, be effective as an Extraordinary Resolution of the Bondholders. An Extraordinary Resolution passed by the Bondholders shall be binding on all the Bondholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

17.2 Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds, the Trust Deed or the Agency Agreement or determine, without any such consent as aforesaid, that any Event of Default or Notification Event (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven. Any such modification shall be binding on the Bondholders and any

such modification shall be notified to the Bondholders in accordance with Condition 16 as soon as practicable thereafter.

17.3 Trustee to have regard to interests of Bondholders as a class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Bondholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Bondholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

18. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer and the Bondholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstances by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

19. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Bondholders to create and issue:

- (a) further Bonds having terms and conditions the same as the Bonds or the same in all respects save for the amount and date of the first payment of interest thereon, secured on the same assets (and any further loan that pursuant to which the proceeds of issue of such Bonds are on-lent to the Charity) and so that the same shall be consolidated and form a single Series with the outstanding Bonds; and/or
- (b) other bonds pursuant to the Issuance Facility on such terms and conditions as the Issuer may elect, subject to the terms of the Issuance Facility Agreements and provided that such other bonds are not secured upon the Charged Assets.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. GOVERNING LAW

The Trust Deed, the Agency Agreement, the Bonds and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement and the Bonds are governed by, and shall be construed in accordance with, English law.

C

APPENDIX C

FORM OF THE BONDS

This following section sets out the legal form in which the Bonds will be issued, including that the legal title to the Bonds is expected to be held by a common depository on behalf of certain clearing systems and that investors will trade beneficial interests in the Bonds electronically in certain clearing systems.

FORM OF THE BONDS

General

Pursuant to the Agency Agreement (as defined in Appendix B (“*Terms and Conditions of the Bonds*”)), the Agent shall arrange that, where a further Tranche of Bonds is issued which is intended to form a single Series with the Bonds at a point after the Issue Date of the further Tranche, the Bonds of such further Tranche shall be assigned a common code and ISIN which is different from the common code and ISIN assigned to the Bonds until such time as such Tranche is consolidated with the Bonds to form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S) applicable to such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may otherwise be approved by the Issuer, the Agent, the Registrar and the Trustee for the purposes of clearing the Bonds.

No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

CREST depository interests

In certain circumstances, investors may also hold interests in the Bonds through CREST through the issue of CDIs representing interests in Underlying Bonds. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). Neither the Bonds nor any rights attached to the Bonds will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. CDI Holders will not be entitled to deal directly in the Bonds and, accordingly, all dealings in the Bonds will be effected through CREST in relation to the holding of CDIs. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

D

APPENDIX D

LOAN AGREEMENT

The Issuer and the Charity will enter into a Loan Agreement substantially in the form set out below for the purpose of recording the Loan by the Issuer to the Charity of the proceeds of issue of the Bonds and the repayment of principal and payment of interest by the Charity in respect of such Loan.

LOAN AGREEMENT

THIS AGREEMENT is dated 23 November 2017 and is made

BETWEEN:

- (1) **GOLDEN LANE HOUSING LTD**, a private limited company incorporated under the laws of England and Wales with company number 03597323, whose registered office is at 123 Golden Lane, London EC1Y 0RT (the “**Charity**”); and
- (2) **RETAIL CHARITY BONDS PLC**, as lender, a public limited company incorporated under the laws of England and Wales with company number 08940313, whose registered office is at 27/28 Eastcastle Street, London W1W 8DH (the “**Lender**”).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Accounting Standards**” means UK GAAP and SORP or any other accounting principles adopted by the Charity from time to time;

“**Adjusted Rate of Interest**” has the meaning given to that term in Condition 8.4;

“**Arrangement Fee**” means the sum of the following, without double counting:

- (a) an amount per annum equal to 0.1% of the total Outstanding Balance on the Issue Date, or, if there have been any Retained Advances, on the most recent Retained Advance Date (as may be adjusted by the Lender in accordance with Clause 3.1(b)); and
- (b) the fees, costs, charges, expenses and liabilities due to the Trustee together with any amount in respect of VAT payable thereon insofar as they relate to action to be taken by the Trustee in connection with a waiver, consent or amendment in relation to the provisions of the Bonds and/or this Agreement that has been requested by the Charity (including, for the avoidance of doubt, any such amounts which have been agreed between the Lender and the Trustee to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee pursuant to the Trust Deed insofar as they relate to the provisions of the Bonds and/or this Agreement); and
- (c) all fees, costs and expenses payable from time to time by the Lender in relation to or in connection with the Bonds, including those payable to any arranger, manager or dealer (including fees and commissions payable pursuant to any subscription agreement) (howsoever described) appointed in connection with the Bonds (including out of pocket and legal expenses of such arranger, manager or dealer and any amount of VAT payable thereon), any trustee, paying agent or other agent, transfer agent, registrar, calculation agent, account bank, the United Kingdom Listing Authority or any stock exchange (together with, in each case, any amount in respect of VAT payable thereon); and
- (d) all fees, costs and expenses payable by the Lender incurred pursuant to the Issuance Facility Documents and the Custody Agreement (as defined in the Conditions) (together with any

amounts of VAT payable thereon) including those payable to any bond trustee (but excluding those amounts payable pursuant to paragraph (b) of this definition), paying agent or other agent, transfer agent, registrar, calculation agent, account bank, the United Kingdom Listing Authority, custodian or any stock exchange; and

- (e) all fees, costs and expenses payable by (or on behalf of) the Issuer incurred, from time to time, in connection with producing and/or amending and/or replacing any document or documents required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) including, without limitation, a key information document (as that term is used in the PRIIPs Regulation); and
- (f) all fees, costs and expenses (including in relation to any tax or legal advice) payable by the Lender incurred, from time to time, pursuant to the sale of any Retained Bonds or the making of any Retained Advances, together with any amounts of VAT payable thereon.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

“**Bondholder**” has the meaning given to it in the Conditions;

“**Bonds**” means the 3.9% Bonds due 23 November 2027 issued by the Issuer on the Issue Date, including the Retained Bonds;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business in London;

“**Code**” means the U.S. Internal Revenue Code of 1986;

“**Commitment**” means £●,000,000;

“**Commitment Agreement**” means the commitment agreement entered into between, among others, the Lender and the Charity dated on or around 20 November 2017;

“**Compliance Certificate**” means a certificate substantially in the form of Schedule 1 to this Agreement;

“**Conditions**” means the terms and conditions of the Bonds (in the form in place as at the Issue Date) as set out in Schedule 1 to the Supplemental Trust Deed;

“**Default**” means an Event of Default or a Potential Event of Default;

“**Deferred Loan**” has the meaning given to it in Clause 4.2;

“**Event of Default**” means any event or circumstance specified in Clause 10 (*Events of Default*);

“**Expected Maturity Date**” has the meaning given to it in the Conditions;

“**Extraordinary Resolution**” has the meaning given to it in the Trust Deed;

“**FATCA**” means Sections 1471 through 1474 of the Code (including any regulations thereunder or official interpretations thereof), intergovernmental agreements between the United States and other jurisdictions facilitating the implementation thereof, and any law implementing any such intergovernmental agreements;

“**FATCA Withholding**” means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA;

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any amount raised as a result of a sale, transfer or disposal of any of its assets on terms whereby they are or may be leased to or reacquired by the Charity;
- (e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the relevant Accounting Standards, be treated as a finance or capital lease;
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above;

“Financial Statements” means the audited financial statements of the Charity prepared in accordance with the Accounting Standards applicable to the Charity for the relevant period;

“Gearing Covenant” means any covenant which seeks to impose a limit, ratio or any other similar form of restriction or obligation, whether positive or negative, on the borrowing of the Charity;

“Gearing Covenant Notice” has the meaning given to it in Clause 9.1(b);

“Initial Advance” has the meaning given to it in Clause 2.2;

“Initial Rate of Loan Interest” has the meaning giving to it in Clause 3.2(a);

“Interest Payment Date” means 23 May and 23 November in each year commencing on 23 May 2018 up to and including the Expected Maturity Date or, if the Outstanding Balance is not repaid in full pursuant to the terms of Clause 4.1 (*Repayment on Expected Maturity Date*), the Legal Maturity Date;

“Issue Date” has the meaning given to that term in the Conditions;

“Issuer” means Retail Charity Bonds PLC;

“Legal Maturity Date” has the meaning given to it in the Conditions;

“**Loan**” means the aggregate principal amount of the Initial Advance and any Retained Advances made under this Agreement;

“**Loan Interest Period**” has the meaning given to it in Clause 3.2;

“**Loan Management Servicer**” means Allia Impact Finance Ltd.;

“**Master Trust Deed**” means the master trust deed dated 26 June 2014 between the Lender and the Trustee, as modified and/or supplemented and/or restated from time to time;

“**Maturity Date**” means the Expected Maturity Date or the Legal Maturity Date (as applicable);

“**Net Assets**” has the meaning given to it in Clause 9.4 (*Definitions*);

“**Net Asset Value**” has the meaning given to it in Clause 9.4 (*Definitions*);

“**Outstanding Balance**” means the amount of the Loan less the aggregate of all amounts of principal paid or deemed to be paid by the Charity prior to such time;

“**Party**” means a party to this Agreement;

“**Person**” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, limited liability company, government or any agency or political subdivision therefor or any other entity;

“**Potential Event of Default**” means any event or circumstance specified in Clause 10 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice or the making of any determination under this Agreement) be an Event of Default;

“**Prospectus**” means the prospectus dated 1 November 2017 for use in connection with the issue of the Bonds;

“**Purchase Date**” has the meaning given to it in Clause 5.2;

“**Purchase Price**” has the meaning given to it in Clause 5.2;

“**Rate of Interest**” has the meaning given to that term in the Conditions;

“**Rate of Loan Interest**” has the meaning given to it in Clause 3.2(a);

“**Relevant Credit Facility**” has the meaning given to it in Clause 9.1(b);

“**Restricted Reserves**” has the meaning given to it in Clause 9.4 (*Definitions*);

“**Retained Advance**” means the principal amount of the Retained Bonds sold, in whole or in part, and made available to the Charity on a Retained Advance Date as set out in the relevant Retained Advance Request;

“**Retained Advance Date**” means such date on which the Lender makes an advance of the Retained Bond Actual Advance Amount to the Charity as set out in the relevant Retained Advance Request;

“**Retained Advance Repeating Representations**” means each of the representations set out in Clause 4 (*Representations and Covenants*) of the Commitment Agreement other than Clauses 4.1(b) and 4.1(m);

“Retained Advance Request” means the further advance request in the form set out in Schedule 3 (*Retained Advance Request*) submitted by the Charity and agreed by the Lender from time to time pursuant to Clauses 2.3 and 2.4;

“Retained Bond Actual Advance Amount” means the gross sale proceeds of the Retained Bonds sold, in whole or in part, by the Issuer on a Retained Advance Date as set out in the relevant Retained Advance Request;

“Retained Bonds” means the Bonds purchased by the Issuer on the Issue Date and held by or on behalf of the Issuer from time to time;

“Security” means a mortgage, charge, pledge, lien, assignment, hypothecation or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

“SORP” means the Statement of Recommended Practice Accounting and Reporting for Registered Social Housing Providers (SORP 2014);

“Sterling Make-Whole Redemption Amount” has the meaning given to that term in the Conditions;

“Supplemental Trust Deed” means the supplemental trust deed dated as of the Issue Date between the Lender and the Trustee;

“Tax” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

“Testing Date” has the meaning given to it in Clause 9.4 (*Definitions*);

“Trust Deed” means the Master Trust Deed as supplemented by the Supplemental Trust Deed, and as further modified and/or supplemented and/or restated from time to time;

“Trustee” means Prudential Trustee Company Limited;

“UK” means the United Kingdom;

“UK GAAP” means UK Generally Accepted Accounting Practice; and

“VAT” means any Tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) and any other Tax of a similar nature whether imposed in a member state of the European Union in substitution for, or levied in addition to, such Tax referred to above or imposed elsewhere.

1.2 Interpretation

In this Agreement, except to the extent that the context requires otherwise:

- (a) references to a statute or statutory provision include that statute or provision as from time to time modified, re-enacted or consolidated;
- (b) use of the singular shall include the plural and vice versa;
- (c) headings are for ease of reference only and shall be ignored in interpreting this Agreement;
- (d) references to an agreement, deed, instrument, licence, code or other document (including this Agreement), or to a provision contained in any of these, shall be construed, at the particular

time, as references to it as it may then have been amended, varied, supplemented, modified, suspended, assigned or novated;

- (e) the words “include” and “including” are to be construed without limitation;
- (f) a reference to a “judgment” includes any order, injunction, determination, award or other judicial or arbitral measure in any jurisdiction; and
- (g) a reference to any party to any agreement includes its successors in title, permitted assigns and permitted transferees.

2. LOAN

2.1 Loan

Subject to the terms of this Agreement, the Charity will borrow and the Lender will make available loans in an aggregate amount equal to the Commitment (subject to this Clause 2 and Clause 3.1 (*Fees*) and as from time to time reduced by prepayments in accordance with the terms hereof) on the Issue Date and on any Retained Advance Date.

2.2 On the Issue Date the Lender will make an advance of £●,000,000 in principal amount (the “**Initial Advance**”) to the Charity.

2.3 The Charity may request further advances under this Agreement by notifying the Lender in writing from time to time. Upon such notification, the Lender and the Charity shall enter into commercial discussions (for a period of not more than ten days) in good faith, in relation to the sale of the Retained Bonds, in whole or in part, with a view to agreeing commercial terms.

2.4 Subject to Clause 2.3 above, the Lender shall sell the Retained Bonds (in whole or in part) and make an advance in an amount equal to the Retained Bond Actual Advance Amount to the Charity on the Retained Advance Date, provided that:

- (a) any sale and advance shall be made at the absolute discretion of the Lender;
- (b) the Lender has received appropriate tax and legal advice including advice that such sale of Retained Bonds and making of Retained Advances (i) would not be adverse to the rights and interests of the Bondholders or the Lender; and (ii) does not adversely impact the transaction as a whole;
- (c) commercial terms (including identifying suitable purchasers of the Retained Bonds and the terms of such sale) have been agreed with the Charity and a duly completed Retained Advance Request has been submitted by the Charity to the Lender setting out the terms of such Retained Advance;
- (d) the amount of the proposed Retained Advance must be for a minimum amount of £2,000,000;
- (e) the amount of any Retained Bonds remaining following any Retained Advance shall not be less than £2,000,000;
- (f) the proposed Retained Advance shall, immediately prior to the sale of the related Retained Bonds, be less than or equal to the Retained Bonds held by the Issuer at such time;
- (g) the proposed Retained Advance shall be less than or equal to the Commitment then unutilised and not cancelled immediately prior to the making of such Retained Advance to the Charity;

- (h) on such date, no Default is continuing or would result from the Retained Advance; and
- (i) on such date, the Retained Advance Repeating Representations to be made by the Charity are true in all material respects in relation to it as at the Retained Advance Date as if made by reference to the facts and circumstances then existing. For the avoidance of any doubt, all references to the Issue Date in the Retained Advance Repeating Representations shall be construed as references to the Retained Advance Date.

2.5 Purpose

The Charity shall apply all amounts raised by it under the Loan for or in advancement of purposes which are charitable under English law.

3. PRICING

3.1 Fees

- (a) In consideration for the Lender making available to the Charity the Loan and performing its administrative functions in connection with the Loan under this Agreement, the Charity shall pay to the Lender the amounts under paragraph (a) of the definition of Arrangement Fee in advance in equal half-yearly instalments, commencing on the Issue Date, two Business Days prior to each Interest Payment Date (excluding the Expected Maturity Date, or the Legal Maturity Date if repayment of the Outstanding Balance is deferred in accordance with Clause 4.2 (**Repayment on Legal Maturity Date**)), provided that, in the event the period from the Issue Date to the first Interest Payment Date is less or greater than six months, the Charity shall pay an amount pro rata for that period, as notified by the Lender to the Charity prior to the Issue Date.
- (b) On or after the first anniversary of the Issue Date, the Lender may adjust the amount set out in paragraph (a) of the definition of Arrangement Fee applicable from the next Interest Payment Date by notice in writing to the Charity on or about 31 August of each year with any percentage increase not exceeding the amount of percentage increase in the United Kingdom Retail Price Index (or, in the event that such index ceases to be published, any comparable or replacement index substituted by the Lender at its discretion, acting reasonably) for such year.
- (c) On the Issue Date and each Interest Payment Date, the Charity shall pay to the Lender the amounts in respect of paragraphs (b) and/or (c) and/or (d) and/or (e) of the definition of Arrangement Fee, to the extent such amounts are then due and payable.
- (d) On each Retained Advance Date, the Charity shall pay to the Lender the amount in respect of paragraphs (b) and/or (c) and/or (d) and/or (e) and/or (f) of the definition of Arrangement Fee, to the extent such amounts are due and payable.
- (e) The Charity and the Lender acknowledge and agree that the Charity's obligation to pay any amounts in respect of the Arrangement Fee may be satisfied by deducting such amounts from the amounts advanced by the Lender on or around the Issue Date in respect of the Loan.

3.2 Interest

- (a) Interest Rate:
 - (i) Following its advance on the Issue Date and on each Retained Advance Date, the rate of interest on the Loan up to but excluding the Expected Maturity Date is the Rate of Interest (the "**Initial Rate of Loan Interest**").

(ii) The rate of interest on the Loan from and including the Expected Maturity Date to but excluding the Legal Maturity Date is the Adjusted Rate of Interest (together with the Initial Rate of Loan Interest, the “**Rate of Loan Interest**”).

(b) Interest Payment Dates:

(i) The Charity shall pay an amount equal to the Rate of Loan Interest on the Interest Payment Date in arrear in equal half-yearly instalments.

(ii) The amount of interest payable by the Charity in respect of the Outstanding Balance for the period from and including each Interest Payment Date to but excluding the next Interest Payment Date (the “**Loan Interest Period**”) shall be calculated by applying the Rate of Loan Interest on the applicable date to the Outstanding Balance at the end of such Loan Interest Period, dividing the product by two and rounding the resulting figure to the nearest one penny (halfpenny being rounded upwards).

(iii) If interest is required to be calculated in respect of any other period, it shall be calculated on the basis of (i) the actual number of days from and including the first day of such period to but excluding the relevant payment date; (ii) divided by twice the actual number of days in the period from and including the most recent Interest Payment Date to but excluding the next Interest Payment Date and multiplying this by the Rate of Loan Interest and the Outstanding Balance.

3.3 Default Interest

Interest which is not paid when due shall accrue interest at the applicable Rate of Loan Interest specified in Clause 3.2 (*Interest*) from and including the due date for payment to but excluding the date on which such interest is paid.

3.4 Payment Instructions

The Charity agrees that it will make such payment instructions as are necessary to ensure the amounts that become due pursuant to this Clause 3 are paid to the Lender by 10am on the Business Day falling two Business Days prior to their becoming due.

4. REPAYMENT

4.1 Repayment on Expected Maturity Date

Subject to Sub-clause 4.2 (*Repayment on Legal Maturity Date*) and unless previously repaid pursuant to Clause 5 (*Prepayment*), the Charity must repay the Outstanding Balance in full on the Expected Maturity Date plus accrued but unpaid interest to but excluding the Expected Maturity Date.

4.2 Repayment on Legal Maturity Date

If the Charity so elects to extend the Expected Maturity Date, the Outstanding Balance shall be deemed not to be due and payable on such date and such amount shall instead be deferred for payment on the Legal Maturity Date (the “**Deferred Loan**”).

4.3 Interest shall continue to accrue on the Deferred Loan in accordance with Clause 3.2 (*Interest*) until the Legal Maturity Date.

4.4 The Deferred Loan shall become due and payable on the Legal Maturity Date plus accrued but unpaid interest to but excluding the Legal Maturity Date.

4.5 The Charity agrees that it will make such payment instructions as are necessary to ensure the amounts that become due pursuant to this Clause 4 are paid to the Lender by 10am on the Business Day falling two Business Days prior to their becoming due.

5. PREPAYMENT

5.1 Optional Prepayment: The Outstanding Balance may be prepaid in whole but not in part upon not more than 30 days' and not less than 15 days' notice (which notice shall be irrevocable) prior to the date of the proposed prepayment of the Outstanding Balance pursuant to this Clause 5 at the Sterling Make-Whole Redemption Amount plus interest accrued to but excluding the date of prepayment.

5.2 Prepayment due to Purchase of Bonds: If the Charity intends to purchase any Bonds in accordance with Condition 10.4 (*Purchases*), the Charity shall notify the Lender of the intended purchase date of the Bonds and the amount required for the purchases of such Bonds (the "**Purchase Price**") and, upon the date of purchase and surrender of such Bonds to the Lender for cancellation of such Bonds in accordance with the Conditions (the "**Purchase Date**"), the Outstanding Balance shall be deemed to have been prepaid on the Purchase Date in an amount equal to the nominal amount of such Bonds (but, for the avoidance of doubt will not trigger any redemption of the Bonds under Condition 10.2).

5.3 The Charity shall not prepay all or any part of the Outstanding Balance except at the times and in the manner expressly provided for in this Agreement and shall not be entitled to re-borrow any amount repaid.

5.4 On the prepayment of the Outstanding Balance by the Charity under Clause 5.1 or 5.2, the Commitment which, at that time, is unutilised shall immediately be cancelled.

5.5 On cancellation of any Retained Bonds by the Issuer following a request by the Charity under Condition 10.5 (*Cancellation*), a corresponding amount of the Commitment which, at that time, is unutilised shall be immediately cancelled.

6. TAXES

6.1 The Charity shall make all payments made by it under this Agreement without any withholding or deduction unless required by applicable law and will take such reasonable steps as may be necessary from time to time to ensure that the gross amount of all payments due in respect of the Loan is paid to the Lender, free and clear of Taxes. For these purposes, the Lender confirms that it is a UK resident company.

6.2 All amounts expressed to be payable under this Agreement by the Charity which (in whole or in part) constitute the consideration for any supply for VAT purposes are exclusive of any VAT which is chargeable on that supply and, accordingly, if VAT is or becomes chargeable on any supply made by the Lender under this Agreement and the Lender is required to account to the relevant tax authority for the VAT, the Charity must pay to the Lender (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of that VAT (and the Lender must promptly provide an appropriate VAT invoice to the Charity).

6.3 Without prejudice to the generality of Clause 6.1 above, the Charity confirms that it is a registered charity under the Charities Act 2011 and, on the basis of the confirmation made by the Lender in Clause 6.1 above, for the purposes of section 930(1)(b) Income Tax Act 2007, it has a reasonable belief that payments of interest to the Lender are "excepted payments" by virtue of section 933 Income Tax Act 2007. Accordingly, the Charity undertakes to pay interest to the Lender under this Agreement without deduction or withholding on account of UK Tax unless and until:

- (a) (i) it obtains information indicating that the Lender does not satisfy the condition in section 933 Income Tax Act 2007 (and it hereby confirms that as at the date of this Agreement it has obtained no such information), in which case the Charity shall notify the Lender of the details of that information as soon as practicable, giving the Lender the opportunity to respond to that information; or
 - (ii) it receives a direction from an officer of Her Majesty's Revenue and Customs under section 931 Income Tax Act 2007 (and it hereby confirms that as at the date of this Agreement it has received no such direction) in relation to payments made by the Charity to the Lender under this Agreement, in which case the Charity shall immediately notify the Lender of the receipt of such direction, but if such notice is subsequently revoked, the Charity shall pay interest under this Agreement without deduction or withholding for or on account of UK Tax; and
- (b) the Lender's usual place of abode is outside the United Kingdom.

6.4 Each Party shall, within ten Business Days of a reasonable request by the other Party, supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of the other Party's compliance with FATCA.

7. COVENANTS

7.1 Authorisations

The Charity shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under this Agreement and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of this Agreement.

7.2 Compliance with Laws

The Charity shall comply in all respects with all laws to which it may be subject if failure to so comply would materially impair its ability to perform its obligations under this Agreement.

7.3 Tax Residency

The Charity represents that it is and has always been resident for Tax purposes only in the United Kingdom, and has not been and does not carry on business in any jurisdiction outside of the United Kingdom. The Charity shall do all that is necessary to remain resident for Tax purposes only in the United Kingdom and shall not carry on business in any jurisdiction outside of the United Kingdom.

7.4 Change of Business and Charitable Status

The Charity shall do all that is necessary to maintain its charitable status under English law and shall procure that no substantial change is made to the general nature of the activities of the Charity from that carried on at the date of this Agreement.

7.5 FATCA

The Charity will notify the Lender as soon as is practicable if the Charity is required to withhold or deduct in respect of any FATCA Withholding in relation to any payment under this Agreement.

8. INFORMATION COVENANTS

The undertakings in this Clause 8 remain in force from the date of this Agreement for so long as any amount is outstanding under this Agreement.

8.1 Financial Statements

The Charity shall supply to the Lender as soon as the same become available, but in any event within 120 days of the end of each of its financial years, its audited annual report and accounts for that financial year (consolidated if appropriate).

8.2 Compliance Certificate

- (a) The Charity shall supply to the Lender, with each audited annual report and accounts delivered pursuant to Clause 8.1 (*Financial Statements*), a Compliance Certificate setting out computations as to compliance with Clause 9 (*Financial Covenants*) as at the Testing Date.
- (b) Each Compliance Certificate shall be signed by a director of the Charity.

8.3 Requirements as to Financial Statements

Each set of audited annual report and accounts delivered by the Charity pursuant to Clause 8.1 (*Financial Statements*) shall be certified by a director of the relevant company as fairly representing its (or, as the case may be, its consolidated) financial condition as at the end of and for the period in relation to which those financial statements were drawn up.

8.4 Notification of Default

- (a) The Charity shall notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly, and in any event within 30 days, upon becoming aware of its occurrence.
- (b) Promptly upon a request by the Lender, the Charity shall supply to the Lender a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it), provided that the Lender may only request such certificate on two occasions per calendar year.

8.5 Annual Statement of Social Impact

The Charity shall use its reasonable endeavours to supply to the Lender an annual statement of social impact on 29 July of each year substantially in the form of Schedule 2 (*Form of Annual Statement on Social Impact*) to this Agreement.

8.6 Management

The Charity shall promptly notify the Lender of any changes to the trustees or management of the Charity and shall provide such other information as reasonably requested by the Lender from time to time to enable the Lender to comply with its anti-money laundering and other related obligations.

9. FINANCIAL COVENANTS

9.1 Financial Condition

- (a) The Charity shall ensure that as at each Testing Date its Net Asset Value as determined by reference to its most recent Financial Statements is at least 130% of the Outstanding Balance and all other unsecured, unsubordinated borrowings (other than, for the avoidance of doubt, any liabilities that might

arise under any shared investment contributions arrangements) of the Charity, in each case as shown in its most recent Financial Statements;

- (b) If at any time the terms of any of the Charity's unsecured and unsubordinated debt (a "**Relevant Credit Facility**") contains a Gearing Covenant and such Gearing Covenant is not contained in this Agreement and would be more beneficial to the Lender than any analogous covenant in this Agreement, in each case whether existing on the date hereof or incorporated into this Agreement pursuant to Clause 9.1(c), a director of the Charity shall promptly (but in any event within 10 Business Days of the occurrence thereof) provide written notice thereof to the Lender, which notice shall refer specifically to this Clause 9.1(b) and shall describe in reasonable detail the Gearing Covenant and the relevant ratios or thresholds contained therein (and shall include a copy of the relevant portion of the Relevant Credit Facility evidencing such Gearing Covenant) (a "**Gearing Covenant Notice**"). Upon receipt of a Gearing Covenant Notice, the Lender shall in turn promptly (but in any event within 10 Business Days of the receipt of the Gearing Covenant Notice) provide written notice to the holders of the Bonds, which notice shall set out all the information contained in the Gearing Covenant Notice.
- (c) Upon receipt of a Gearing Covenant Notice by the Lender, the Gearing Covenant subject to the notification shall be deemed automatically incorporated by reference into this Agreement, *mutatis mutandis*, as if set forth fully herein, without any further action required on the part of any person, effective as of the date when such Gearing Covenant became effective under the Relevant Credit Facility.
- (d) For the avoidance of doubt, each of the financial covenants in this Clause 9 and Events of Default in Clause 10 (*Events of Default*) as of the date of this Agreement (as amended, other than by application of Clause 9.1(b)) shall remain in this Agreement as in effect on the date hereof regardless of whether any Gearing Covenant is incorporated into, deleted from, or otherwise modified in this Agreement.

9.2 **Pari Passu Ranking**

The Charity shall ensure that its payment obligations under this Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

9.3 **Financial Covenant Calculations**

Net Asset Value shall be calculated and interpreted on a consolidated basis in accordance with the relevant Accounting Standards and shall be expressed in pounds sterling.

9.4 **Definitions**

In this Clause 9:

"**Net Assets**" means the net assets of the Charity as shown in the most recent Financial Statements of the Charity;

"**Net Asset Value**" means the Charity's Net Assets less: (a) Restricted Reserves; plus (b) the outstanding principal amount of the Loan and all other unsecured, unsubordinated borrowings (other than, for the avoidance of doubt, any liabilities that might arise under any shared investment contributions arrangements) of the Charity, in each case as shown in the latest audited annual report and accounts of the Charity from time to time;

"**Restricted Reserves**" means the restricted reserves of the Charity as shown in the most recent Financial Statements of the Charity; and

“**Testing Date**” means, in relation to any given year, the date of the most recent Financial Statements of the Charity.

10. EVENTS OF DEFAULT

10.1 Each of the events or circumstances set out in this Clause 10.1 is an Event of Default:

- (a) the Charity fails to pay any sum due under this Agreement and such failure continues for a period of five days (in the case of interest) and six days (in the case of principal) (subject to Clause 4.2 (*Repayment on Legal Maturity Date*));
- (b) the Charity is in breach of any other obligation under this Agreement and has failed to remedy same within 30 days of being requested to do so;
- (c) any requirement of Clause 9 (*Financial Covenants*) is not satisfied;
- (d) the Charity ceases to be a registered charity under the Charities Act 2011;
- (e) any representation or statement made or deemed to be made by the Charity in the Commitment Agreement is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;
- (f) any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Charity and is not discharged within 10 days;
- (g) the Charity is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- (h) the value of the assets of the Charity is less than its liabilities (taking into account contingent and prospective liabilities);
- (i) a moratorium is declared in respect of any indebtedness of the Charity;
- (j) it is or becomes unlawful for the Charity to perform any of its obligations under the Commitment Agreement or this Agreement;
- (k) the Charity repudiates this Agreement or evidences an intention to repudiate this Agreement;
- (l) in relation to any Financial Indebtedness of the Charity:
 - (i) any Financial Indebtedness of the Charity is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
 - (ii) any commitment for any Financial Indebtedness of the Charity is cancelled or suspended by a creditor of the Charity as a result of an event of default (however described),

provided that no Event of Default will occur under this Clause 10.1(l) if the aggregate amount of Financial Indebtedness falling within paragraphs (i) and (ii) above is less than £3,000,000 (or its equivalent in any other currency or currencies);

- (m) any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Charity;
- (ii) a composition, compromise, assignment or arrangement with any creditor of the Charity;
- (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Charity; or
- (iv) enforcement of any Security over any assets of the Charity; or
- (v) any analogous procedure or step is taken in any jurisdiction,

in each case (other than (A) the appointment of an administrator, (B) the enforcement of any Security over any assets of the Charity or (C) any such corporate action, legal proceedings or other procedure or step which the Charity has initiated or to which the Charity has consented (in writing or otherwise)), that has not been discharged within 10 days.

10.2 Acceleration: On and at any time after the occurrence of an Event of Default which is continuing, the Lender may, by notice to the Charity:

- (a) declare that all or part of the Outstanding Balance, together with accrued interest, and all other amounts accrued or outstanding under this Agreement or the Commitment Agreement be immediately due and payable, whereupon it shall become immediately due and payable; and/or
- (b) declare that all or part of the Outstanding Balance be payable on demand, whereupon they shall immediately become payable on demand by the Lender.

11. TRANSFERABILITY

11.1 The Lender may not assign and/or transfer its rights and/or obligations under this Agreement without the prior written consent of the Charity other than in accordance with Clause 11.2 below.

11.2 The Charity acknowledges that the Lender will assign by way of security all of its rights, title and interest, present and future, arising under this Agreement to the Trustee under the Trust Deed.

12. PAYMENTS

12.1 The Charity hereby agrees to pay to the Lender all amounts as are specified in this Agreement on the dates specified in this Agreement in the following order of priority and in each case only if and to the extent that the items of a higher priority have been paid or satisfied in full:

- (a) *first*, in payment or satisfaction of any amounts of Arrangement Fee due under this Agreement;
- (b) *secondly*, in payment or satisfaction of interest due and payable in respect of the Loan;
- (c) *thirdly*, in payment or satisfaction of principal due and payable in respect of the Loan; and
- (d) *fourthly*, in payment or satisfaction of any other amount due and payable to the Lender by the Charity.

- 12.2 Payments to the Lender by the Charity in respect of amounts due under this Agreement shall be made to the bank accounts of the Lender as separately notified in writing by the Loan Management Servicer to the Charity from time to time.
- 12.3 Payments by the Charity must be made without set-off or counterclaim and without any deduction.
- 12.4 If any payment is scheduled to be made on a day which is not a Business Day, then the payment must be made on the preceding Business Day.
- 12.5 Any appropriation by the Lender of moneys received from the Charity against amounts owing under this Agreement will override any contrary appropriation made by the Charity.

13. NOTICES

13.1 Communications in Writing

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by electronic communication or letter and, in the case of communication to the Lender, to the Loan Management Servicer copied to the Lender. The Loan Management Servicer's address for this purpose is as follows:

Allia Impact Finance Ltd.
Future Business Centre
King's Hedges Road
Cambridge
CB4 2HY
United Kingdom
Attention: Phil Caroe
communications@allia.org.uk

13.2 Communication by the Loan Management Servicer

The Charity acknowledges and accepts that any notification or communication made by the Loan Management Servicer on behalf of the Lender shall be deemed to be a notification or communication by the Lender for the purposes of this Agreement and all references to notifications or communications by the Lender in this Agreement shall be read and construed accordingly.

13.3 Communication by the Charity

The Lender acknowledges and accepts that any notification or communication made by the Charity to the Loan Management Servicer copied to the Lender shall be deemed to be a notification or communication by the Charity to the Lender for the purposes of this Agreement and all references to notifications or communications by the Charity in this Agreement shall be read and construed accordingly.

13.4 Addresses

The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is that identified with its name below, or any substitute address, email address or department or officer as the Party may notify to the other Parties by not less than five days' notice.

14. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a Party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

16. NON-PETITION AND LIMITED RECOURSE

16.1 Non-Petition

Each of the other Parties to this Agreement agrees with the Lender that it shall not take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Lender or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Lender or over any or all of its assets or undertaking.

16.2 Limited Recourse

To the extent permitted by law, no recourse under any obligation, covenant or agreement of any person contained in this Agreement shall be had against any shareholder, officer, agent or director of the Lender or the Charity by the enforcement of any assessment or by any legal proceedings, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is a corporate obligation of the Lender and the Charity respectively and no personal liability shall attach to or be incurred by the shareholders, officers, agents or directors of the Lender or the Charity as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Lender or the Charity (as applicable) herein or implied herefrom, and that any and all personal liability for breaches by such person of any such obligations, covenants or agreements, either under any applicable law or by statute or constitution, of every such shareholder, officer, agent or director is hereby expressly waived by each person expressed to be a Party hereto as a condition of and consideration for the execution of this Agreement.

17. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

FORM OF COMPLIANCE CERTIFICATE

To: Retail Charity Bonds plc as Lender

Cc: Allia Impact Finance Ltd. as Loan Management Servicer

From: Golden Lane Housing Ltd (the “Charity”)

Dated: [_____]

Dear Sirs

**Golden Lane Housing Ltd – Loan
dated 23 November 2017 (the “Agreement”)**

1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meanings when used in this Compliance Certificate unless given different meanings in this Compliance Certificate.
2. [We confirm that no Default is continuing.]*
3. We certify that the audited [consolidated] financial statements of the Charity for the year ended [] fairly represent the Charity’s [consolidated] financial condition as at the date they are made up to.
4. We confirm that [no circumstance has arisen requiring a notice to be given/any changes to the trustees and/or management of the Charity have been notified to the Lender] pursuant to Clause 8.6.
5. We confirm that, as at the Testing Date, the Net Asset Value is at least 130% of the Outstanding Balance.

Signed:

Director
of
Golden Lane Housing Ltd

* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

SCHEDULE 2

FORM OF ANNUAL STATEMENT ON SOCIAL IMPACT

Annual Impact Reporting

1. Your Activities

Give an account of the activities you have undertaken in the previous year as a result of the loan finance raised.

2. Your Impact

Give examples of how the activities described above have had a positive effect on the lives of some of your beneficiaries.

What were the results against the outcome indicators you described in your application?

Outputs	Indicator	Results

Describe any evidence of wider impact created to date as a result of your activities

3. Your Response

How do your results compare with your targets and objectives? Are there any lessons you have learned and changes to you intend to make as a result? Do you see any other factors arising that may affect your future impact?

SCHEDULE 3

RETAINED ADVANCE REQUEST

From: Golden Lane Housing Ltd

To: Retail Charity Bonds PLC

Dated: []

Dear Sirs

**Loan Agreement
dated 23 November 2017 (the Agreement)**

1. We refer to the Agreement. This is a Retained Advance Request for the purpose of the Agreement. Terms defined in the Agreement have the same meaning in this Retained Advance Request unless given a different meaning in this Retained Advance Request.
2. Pursuant to Clauses 2.3 and 2.4 of the Agreement, we wish to borrow a further advance on the following terms:

Retained Advanced Date: [] (or, if that is not a Business Day, the next Business day)

Currency of Loan: GBP

Retained Bond Actual Advance Amount: []

Retained Advance: []

3. The Charity represents and warrants that no Default is continuing or would result from the Retained Advance.
4. The Charity represents and warrants that the Retained Advance Repeating Representations are true in all material respects in relation to it as at the Retained Advance Date as if made by reference to the facts and circumstances then existing. For the avoidance of any doubt, all references to the Issue Date in the Retained Advance Repeating Representations shall be construed as references to the Retained Advance Date.
5. This Retained Advance Request is irrevocable.

Yours faithfully

authorised signatory for
Golden Lane Housing Ltd

Agreed and accepted by

authorised signatory for
Retail Charity Bonds PLC

Date:

SIGNATORIES

The Charity

GOLDEN LANE HOUSING LTD

Address: Westpoint,
501 Chester Road
Manchester
M16 9HU

Email: enquiries@glh.org.uk

Attention: Managing Director

By:

The Lender

RETAIL CHARITY BONDS PLC

Address: 27/28 Eastcastle Street
London
United Kingdom
W1W 8DH

Email: communications@retailcharitybonds.co.uk

Attention: The Company Secretary

By:

E

APPENDIX E

CHARITY'S FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

INDEX TO CHARITY'S CONSOLIDATED FINANCIAL STATEMENTS

1. Year ended 31 March 2015
2. Year ended 31 March 2016
3. Year ended 31 March 2017

**CHARITY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2015**

Company Number
Charity registration number

3597323
1071097

GOLDEN LANE HOUSING LIMITED

(A company limited by guarantee)

Report and Financial Statements

Year ended 31 March 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GOLDEN LANE HOUSING LIMITED

We have audited the financial statements of Golden Lane Housing Limited (company number 3597323) for the year ended 31 March 2015 set out on pages 13 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

We read all the information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GOLDEN LANE HOUSING LIMITED

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Guy Biggin
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

Date: 17 June 2015

GOLDEN LANE HOUSING LTD
STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an income & expenditure account)

Year ended 31 March 2015	Notes	Unrestricted Funds £	Restricted Funds £	Total 2015 £	Total 2014 £
INCOMING RESOURCES					
Incoming resources from generated funds :					
Voluntary Income :					
Donations and gifts	15	5,816	-	5,816	389,950
Big Lottery Fund grant	15	-	26,450	26,450	145,037
Investment Income	16	26,961	-	26,961	27,236
		<u>32,777</u>	<u>26,450</u>	<u>59,227</u>	<u>562,223</u>
Incoming resources from charitable activities :					
Residential Services :					
Rental income		11,882,692	-	11,882,692	10,778,826
Grants received for property acquisitions		13,067	-	13,067	2,880
Profit/(Loss) on disposal of fixed assets		13,349	-	13,349	(10,661)
Consultant work		38,463	-	38,463	60,656
		<u>11,947,571</u>	<u>-</u>	<u>11,947,571</u>	<u>10,831,701</u>
Other incoming resources		46,589	-	46,589	121,841
TOTAL INCOMING RESOURCES		<u>12,026,937</u>	<u>26,450</u>	<u>12,053,387</u>	<u>11,515,765</u>
RESOURCES EXPENDED					
Costs of charitable activities :					
Residential services	17/18	10,628,888	26,450	10,655,337	9,063,564
Consultant work		67,793	-	67,793	68,356
Governance costs		21,290	-	21,290	22,565
		<u>10,717,970</u>	<u>26,450</u>	<u>10,744,420</u>	<u>9,154,485</u>
TOTAL RESOURCES EXPENDED		<u>10,717,970</u>	<u>26,450</u>	<u>10,744,420</u>	<u>9,154,485</u>
NET INCOME FOR THE YEAR BEFORE TRANSFERS	2	1,308,967	-	1,308,967	2,361,280
Transfer from unrestricted funds to restricted funds		-	-	-	-
INCOME FOR THE YEAR		1,308,967	-	1,308,967	2,361,280
FUNDS AS AT 1 APRIL 2014		18,643,743	18,348,624	36,992,367	34,631,087
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2015	9	<u>19,952,710</u>	<u>18,348,624</u>	<u>38,301,334</u>	<u>36,992,367</u>

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

GOLDEN LANE HOUSING LTD
BALANCE SHEET
as at 31 March 2015

Company Number 3597323

	Note	2015 £	2014 £
FIXED ASSETS			
Tangible assets		83,046,872	78,070,093
Less: Shared investment contributions		(3,115,034)	(3,133,685)
TOTAL FIXED ASSETS	3	<u>79,931,838</u>	<u>74,936,408</u>
CURRENT ASSETS			
Debtors	5	746,368	629,485
Cash at bank and in hand		4,861,804	5,276,375
		<u>5,608,172</u>	<u>5,905,860</u>
CREDITORS: amounts falling due within one year	6	(3,272,699)	(9,360,746)
NET CURRENT ASSETS		<u>2,335,473</u>	<u>(3,454,886)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		82,267,311	71,481,522
CREDITORS: amounts falling due after one year	7	(43,965,977)	(34,489,155)
NET ASSETS		<u>38,301,334</u>	<u>36,992,367</u>
FUNDS			
Restricted funds		18,348,624	18,348,624
Unrestricted funds		19,952,710	18,643,743
Total funds	9	<u>38,301,334</u>	<u>36,992,367</u>

The financial statements were approved and authorised for issue by the Trustees and were signed on its behalf by;

Name:

Date:

17 June 2015

NOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES****a. Basis of preparation**

The financial statements are prepared under the historical cost convention. The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The particular accounting policies adopted by the trustees are described below.

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees Responsibilities on page 2.

b. Incoming resources

The following accounting policies are applied to income:

Donations are accounted for when conditions for their receipt have been met and there is reasonable assurance of receipt and the amount receivable can be estimated. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charitable company has unconditional entitlement.

Grants receivable are recognised in the statement of financial activities when the conditions for receipt of the grants have been fulfilled and the charitable company becomes entitled to payment.

Discretionary grants applied for are not credited until they have been received. Where a grant is received relating to a future accounting period, the Statement of Financial Activities shows the gross amount receivable together with the movement in the amount deferred to future accounting periods.

Deferred grant income at the year end is included in creditors.

Gifts in kind : Assets given for use by the charitable company have been recognised as incoming resources when they become receivable and included either in fixed assets when they are received or in other debtors if they have not yet been received. The basis for valuation is the market value at the time of purchase.

Rental income is recognised on an accruals basis.

c. Resources expended

Liabilities are recognised once there is a legal or constructive obligation that commits the charity to the obligation. Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods and services are supplied. All resources expended are classified under activity headings that aggregate all costs related to the category.

- Charitable expenditure includes all expenditure directly related to the objects of the charity and comprises the cost of providing residential accommodation to beneficiaries.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs have been allocated to activity cost categories on a basis consistent with the use of resources and in proportion to the amount of time spent by staff on each activity cost category.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (continued)

d. Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

e. Funds

The charity's funds consist of restricted funds which have been granted for the purchase of particular properties and are repayable when the properties are sold. The general unrestricted funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objects of the charity. Unrestricted funds may be held in order to finance both working capital and capital investment.

f. Tangible Fixed Assets

Freehold properties are stated in the balance sheet at cost less depreciation, unless any impairment in value is indicated by either periodic external valuations or the annual impairment review, less contributions from individuals and families where these individuals or families have the right to an equity share of the property on disposal, including any resulting profit or loss. It is the opinion of the Trustees that the properties' market value is greater than their historical cost. However, it is not considered the best use of the charity's resources to undertake a full revaluation exercise and therefore it is not practicable to quantify the difference.

Depreciation is provided so as to write off the cost of the assets, net of the shared investment from the individual or families, in equal instalments over the estimated useful lives of the assets.

Assets in the course of construction and freehold and leasehold land have not been depreciated.

The depreciation rates used for other assets are as follows:

Freehold and long leasehold buildings over 100 years : 1% per annum

Capitalised leasehold buildings less than 100 years : Over the term of the lease

Capitalised data system software over 5 years.

Capitalised fixtures and fittings over 10 years.

g. Operating Leases

Rentals applicable to operating leases are charged to the SoFA over the period in which the cost is incurred.

2. NET INCOME FOR THE YEAR

Net income for the year is stated after charging / (crediting):

	2015	2014
	£	£
Depreciation	603,850	551,724
Audit fees	12,505	12,915
Operating lease rentals - land & buildings	2,406,792	1,962,542
(Gain) / Loss on disposal of fixed assets	(13,349)	10,661

NOTES TO THE ACCOUNTS

3. FIXED ASSETS

	Property under construction £	Freehold Land and Buildings £	Leasehold Land and Buildings £	Computer Equipment £	Fixtures and Fittings £	Totals £
Cost						
At 1 April 2014	87,583	77,065,144	5,656,201	231,570	-	83,040,497
Additions	1,442,185	4,045,697	-	-	207,798	5,695,680
Reclassification	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Disposal	-	-	(124,093)	-	-	(124,093)
Balance as at 31 March 2015	<u>1,529,768</u>	<u>81,110,841</u>	<u>5,532,108</u>	<u>231,570</u>	<u>207,798</u>	<u>88,612,084</u>
Accumulated Depreciation						
At 1 April 2014	-	4,335,623	537,353	97,429	-	4,970,405
Charge for the year	-	494,679	47,272	46,314	15,585	603,850
Reclassification	-	-	-	-	-	-
Disposal	-	-	(9,042)	-	-	(9,042)
Balance as at 31 March 2015	<u>-</u>	<u>4,830,302</u>	<u>575,583</u>	<u>143,743</u>	<u>15,585</u>	<u>5,565,213</u>
Net Book Value at 31 March 2015	1,529,768	76,280,539	4,956,525	87,826	192,213	83,046,872
Less shared investment contribution	-	(2,380,347)	(734,687)	-	-	(3,115,034)
	<u>1,529,768</u>	<u>73,900,192</u>	<u>4,221,838</u>	<u>87,826</u>	<u>192,213</u>	<u>79,931,838</u>
Net Book Value at 31 March 2014	87,583	72,729,521	5,118,848	134,141	-	78,070,093
Less shared investment contribution	-	(2,398,998)	(734,687)	-	-	(3,133,685)
	<u>87,583</u>	<u>70,330,523</u>	<u>4,384,161</u>	<u>134,141</u>	<u>-</u>	<u>74,936,408</u>

The Nationwide loans and the Triodos loans are secured via fixed legal charges against specific properties in the portfolio.

The properties are carried on the balance sheet at their historical cost less any impairment.

NOTES TO THE ACCOUNTS

4. TAXATION

The Charity is exempt from corporation tax on its income and gains under section 505 of the Income and Corporation Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives.

5. DEBTORS

	2015	2014
	£	£
Trade debtors	414,932	399,163
Other debtors	331,436	230,322
	<u>746,368</u>	<u>629,485</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade creditors	153,991	193,914
Other creditors	1,566	43,470
Due to Royal Mencap Society		
- Loan	321,742	321,742
- Intercompany	873,842	510,679
Loans secured on Freehold Land and Buildings		
- Standard repayment to Nationwide	64,227	60,298
- Standard repayment to Triodos	614,174	635,237
- Repayable to Nationwide in August 2014	-	6,359,946
Accruals and deferred income	1,243,157	1,235,460
	<u>3,272,699</u>	<u>9,360,746</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2015	2014
	£	£
Loan from Royal Mencap Society	4,185,075	5,070,470
Loans secured on Freehold Land and Buildings	18,780,702	19,418,485
Triodos Bond issue (2013)	10,000,200	10,000,200
Corporate Retail Bond issue (2014)	11,000,000	-
	<u>43,965,977</u>	<u>34,489,155</u>

NOTES TO THE ACCOUNTS

7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (continued)

Royal Mencap Society

Royal Mencap Society has provided loan finance to Golden Lane Housing Limited for the development of housing for people with a learning disability. The long term finance is at an interest rate of 0.5% below base rate, on the basis of full repayment of capital and interest over the period of 25 years from drawdown of the funds and is secured by a second legal charge.

	2015	2014
	£	£
Between 1-2 years	321,742	321,742
Between 2-5 years	965,226	965,226
Over 5 years	<u>2,898,107</u>	<u>3,783,502</u>
	<u><u>4,185,075</u></u>	<u><u>5,070,470</u></u>

Nationwide Building Society

Following the refinancing carried out in August 2014 of two Nationwide loans, GLH has left a £845,912 loan secured on freehold land and buildings from Nationwide Building Society. This is a fixed term loan, the interest rate for this loan is fixed until June 2025 and is repayable as follows:

	2015	2014
	£	£
Between 1-2 years	68,740	64,228
Between 2-5 years	235,407	220,781
Over 5 years	<u>541,765</u>	<u>625,131</u>
	<u><u>845,912</u></u>	<u><u>910,140</u></u>

Triodos

The £17,934,790 loans are secured on freehold land and buildings. The loans are subject to variable interest rates except for £14.35m being fixed as at the balance sheet date. The loans are repayable as follows:

	2015	2014
	£	£
Between 1-2 years	646,648	656,738
Between 2-5 years	2,101,989	2,136,747
Over 5 years	<u>15,186,153</u>	<u>15,714,860</u>
	<u><u>17,934,790</u></u>	<u><u>18,508,345</u></u>

NOTES TO THE ACCOUNTS

7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (continued)**Housing Bond Issue**

The bond issued in 2013 for a total of £10m paying interest at 4% has now been fully deployed and has been used to purchase 29 properties and house 99 tenants. The bond is repayable on 30th September 2018.

During the year the company has issued through the intermediary of Retail Charity Bond (RCB), a new bond totalling £11m paying a yield of 4.375%. The bond issue was fully subscribed and the full £11m was duly received, the purpose being to purchase properties to rent to people with a learning disability. The funds have been utilised in this purpose. The bond is repayable on 29th July 2021.

At 31 March 2015 the bond funds committed were £5,673,650 whilst the bond funds expensed were £3,991,691 and so at the year end there is a bond funds capital commitment of £1,681,959.

For optimum treasury management, a portion of the RCB bond funds have been used to pay down the Nationwide loan. GLH will then use its Triodos revolving facility, previously earmarked for the refinancing of the nationwide loan, in order to fund the purchase of new properties. This is the most effective use of our funds as it reduces overall interest costs. Ultimately, GLH will be deploying £11m of funds on new properties for people with a learning disability thanks to the money raised through the 2014 RCB bond.

NOTES TO THE ACCOUNTS

8. OPERATING LEASE COMMITMENT

At 31 March 2015 the charity has annual commitments under non-cancellable operating leases as follows:

	Land and Buildings 2015 £	Land and Buildings 2014 £
Within one year	590,948	316,147
Two to five years	1,014,260	648,776
More than five years	81,340	86,636
	<u>1,686,548</u>	<u>1,051,559</u>

9. STATEMENT OF FUNDS

	At 1st April 2014 £	Income £	Expenditure £	Transfer £	At 31st March 2015 £
GENERAL RESERVE	11,494,236	12,027,253	(10,731,353)	542,640	13,332,776
DESIGNATED RESERVES					
Maintenance funds	162,312	-	-	17,567	179,879
Seed capital	14,779	-	-	13,349	28,128
VAT for development project	57,128	-	-	-	57,128
Non repayable grants	5,735,859	13,067	-	(57,489)	5,691,437
Corwall Housing project	6,067	-	-	(6,067)	-
Bury Mencap bonds donated	10,000	-	-	(10,000)	-
Development fund	500,000	-	-	(500,000)	-
Tenants support fund	603,362	-	-	-	603,362
Greengates Charity	60,000	-	-	-	60,000
FUNDS	<u>18,643,743</u>	<u>12,040,320</u>	<u>(10,731,353)</u>	<u>0</u>	<u>19,952,710</u>
RESTRICTED FUNDS					
Big Lottery Fund grant	-	26,450	(26,450)	-	-
Property Gifted and Tenanted	625,000	-	-	-	625,000
Cash Donation	-	-	-	-	-
Fixed legal charges	940,856	-	-	-	940,856
Repayable grants	16,782,768	-	-	-	16,782,768
TOTAL RESTRICTED FUNDS	<u>18,348,624</u>	<u>26,450</u>	<u>(26,450)</u>	<u>0</u>	<u>18,348,624</u>
TOTAL FUNDS	<u>36,992,367</u>	<u>12,066,770</u>	<u>(10,757,803)</u>	<u>0</u>	<u>38,301,334</u>

NOTES TO THE ACCOUNTS

9. STATEMENT OF FUNDS (continued)

General Reserves:

This reserve represents the free funds of the charity and is generated by the surplus from the operating activities. This surplus is necessary to meet the capital repayments on the loans with Triodos, Nationwide and Mencap. Over the last few years GLH has effectively been repaying its existing debt out of operating surplus and over time this will lead to a build up of the general reserve. The increase in the general reserve this year has in the main been due to lower interest payments on GLH loans as a result of the continuing record low Bank of England Interest rate as well as other income revenue.

Designated Reserves:

The maintenance fund has been reviewed and increased by £17,567 due to Great Tenants property growth to cover all our dilapidation liabilities for leased properties. The total is now at £179,879.

£13,349 has been added to the Seed Capital to develop properties in the future.

The VAT for development reserve needs to be kept for 10 years from March 2007.

The non repayable grants received fund recognises the value of the assets that have been funded by capital grants and is reduced by the depreciation charge on the assets they have been used to purchase. This amounts to £5,691,437.

Cornwall Housing Project, Bury Mencap donation and the Development fund have been released to general reserve.

The Tenants support fund was set up in 2012/13 to cover possible future changes in government policy regarding the payment of exempt rents. It will be maintained at the same level of £603,362 for another year.

In 2013/14 a London based charity, Greengates donated £60,000 to be used for future housing projects within the area providing housing for people with a learning disability. These funds have not been utilised yet.

The properties gifted to GLH are in the restricted reserve as they are tenanted and could not be disposed of without breaking those tenancies.

NOTES TO THE ACCOUNTS

9. STATEMENT OF FUNDS (continued)

Restricted Fund:

This recognises the value of assets that have been funded by capital contributions and would be repayable upon disposal of those corresponding assets.

The Big Lottery Fund grant was provided to GLH to underpin the legal and administration fees required to establish an asset-backed fund. This has been fully deployed.

Property Gifted and Tenanted relates to three properties which are a restricted fund because of the condition that the properties house particular tenants. The properties gifted to GLH are in the restricted reserve as they are tenanted and could not be disposed of without breaking those tenancies.

Fixed Legal Charge represents a grant received from South Staffordshire Health Authority to purchase four properties. On disposal GLH shall pay to the authority the open market value of the premises less reasonable solicitors and agents fees.

Repayable Grants are capital grants received which are repayable on the disposal of the property. This recognises the value of assets that have been funded by capital contributions and would be repayable upon disposal of those corresponding assets.

NOTES TO THE ACCOUNTS

9. STATEMENT OF FUNDS (continued)

ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	2015	2015	2015	2015
	Restricted	Designated	Unrestricted	Total
	Funds	Funds	Funds	Total
	£	£	£	£
Tangible Fixed Assets	18,348,624	5,691,436	55,891,778	79,931,838
Current assets				
Debtors	-	-	746,368	746,368
Cash at bank and in hand	-	928,497	3,933,308	4,861,805
Current liabilities	-	-	(3,272,699)	(3,272,699)
Long term Liabilities	-	-	(43,965,978)	(43,965,978)
	<u>18,348,624</u>	<u>6,619,933</u>	<u>13,332,777</u>	<u>38,301,334</u>

The majority of the charity funds are invested in property and as stated above the cash free funds of the charity amount to £3,933,308.

10. CASH FLOW STATEMENT

Under the provisions of Financial Reporting Standard No. 1 (revised), the company has not prepared a cash flow statement because it is a wholly owned subsidiary of a parent undertaking whose consolidated financial statements contain a cash flow statement.

11. MEMBERS

The charity is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 March 2015 there was one member.

12. INFORMATION REGARDING EMPLOYEES AND TRUSTEES

Golden Lane Housing has no employees. Work is performed by staff of the Royal Mencap Society who have been seconded to Golden Lane Housing and the costs are charged as part of residential cost expenditure. The total payroll costs recharged by Mencap to GLH for 2014/2015 amounted to £1,900,746 (2013/2014 - £1,683,449).

None of the trustees, or persons related or connected by business to them, has received any remuneration from the Charity during the current or prior year.

During the year £93.80 was reimbursed to one trustee for expenses (£88.75 was reimbursed to trustees for year ended 31 March 2014).

NOTES TO THE ACCOUNTS

13. RELATED PARTIES

The charitable company has taken advantage of the exemption within Financial Reporting Standard 8 "Related Party Disclosures", as a wholly owned subsidiary of Royal Mencap Society, not to disclose transactions with group companies.

14. PARENT COMPANY

The charitable company is a wholly owned subsidiary of Royal Mencap Society, which is also the ultimate controlling body, a charitable company registered in England and Wales. Copies of the group financial statements of Royal Mencap Society may be obtained from Mencap, 123 Golden Lane, London, EC1Y 0RT.

15. VOLUNTARY INCOME

	2015	2014
	£	£
Bond Interest Donated by Bond Holders	4,848	3,085
Bonds Donated by Bond Holders	-	37,900
Donated property	-	285,809
Greengates Charity	-	60,000
Other donations	968	3,156
Big Lottery Fund grant *	26,450	145,037
	32,266	534,987

In August 2012 The Big Lottery Fund awarded Golden Lane Housing a grant of £349,000 over a two year period to underpin the fees required to launch and manage the bond offerings.

The 2013 and 2014 bond funds have been used to purchase properties to house more people with a learning disability, in line with GLH's objects. The Big Lottery Fund grant received in 2014/15 is £26,450. There are no further funds to be received from this grant.

16. INVESTMENT INCOME

Golden Lane Housing's investment income was £26,961 during 2014/15 (2013/14 £27,236).

17. ALLOCATION OF SUPPORT COSTS

Support costs have been allocated to activity cost categories on a basis consistent with the use of resources and in proportion to the staff time spent on each of the activity cost categories.

<u>Support Costs</u>	Residential	Consultant	Governance	2015	2014
	Services			Total	Total
Staff days	9,159	232	30	9,421	9,194
	£	£	£	£	£
Payroll	1,840,889	46,530	6,030	1,893,449	1,676,152
Travel	360,550	9,113	1,181	370,844	347,665
Office Expenses	87,101	2,202	285	89,588	56,721
Training	38,660	977	127	39,764	38,921
Mencap Services	115,278	2,914	377	118,569	154,353
Office rent recharge	239,656	6,057	785	246,498	190,771
	2,682,134	67,793	8,785	2,758,712	2,464,583

NOTES TO THE ACCOUNTS

18. ANALYSIS OF CHARITABLE EXPENDITURE

The charity undertakes direct charitable activities only and does not make grant payments.

<u>Charitable expenses</u>	Residential	Consultant	Governance	2015	2014
	Services			Total	Total
	£	£	£	£	£
Operating Leases	2,406,792	-	-	2,406,792	1,962,542
Maintenance	2,205,708	-	-	2,205,708	2,027,152
Service Charges	472,222	-	-	472,222	515,286
Professional Services	369,361	-	-	369,361	305,371
Depreciation	603,850	-	-	603,850	551,724
Bad Debt	139,839	-	-	139,839	104,624
Audit fees	-	-	12,505	12,505	12,915
Interest & Finance Charges	1,775,431	-	-	1,775,431	1,210,288
Support costs (note 17)	2,682,134	67,793	8,785	2,758,712	2,464,583
	<u>10,655,337</u>	<u>67,793</u>	<u>21,290</u>	<u>10,744,420</u>	<u>9,154,485</u>

**CHARITY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2016**

GOLDEN LANE HOUSING

FINANCIAL STATEMENTS

For the year ended 31 March 2016

Independent Auditor's Report to the Members of Golden Lane Housing

We have audited the financial statements of Golden Lane Housing for the year ended 31 March 2016 set out on pages 22 to 41.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Report of the Board and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report to the Members of Golden Lane Housing

Opinion on financial statements

In our opinion the financial statements:

give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Companies Act 2006, Part 3 of schedule 1 to the Housing Act 1996 and The Accounting Direction for Private Registered Providers of Social housing from April 2015.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act

adequate accounting records have not been kept; or

the financial statements are not in agreement with the accounting records and returns; or

certain disclosures of trustees' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.



Guy Biggin
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Cheltenham

Date: 1 July 2016

GOLDEN LANE HOUSING LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

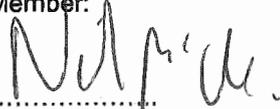
	Note	2016 £	Restated 2015 £
Turnover	2	13,294,679	12,202,069
Operating expenditure	2	(9,690,413)	(8,753,527)
Operating surplus/ (deficit)		3,604,266	3,448,542
Gain/(loss) on disposal of property, plant and equipment (fixed assets)		(28,404)	13,349
Interest receivable		19,943	26,961
Interest and financing costs	6	(1,846,791)	(1,775,431)
Surplus/(deficit) before tax		1,749,014	1,713,421
Taxation		0	0
Surplus/(deficit) for the year after tax		1,749,014	1,713,421
Total comprehensive income for the year		1,749,014	1,713,421

The results relate wholly to continuing activities.

There is no difference between the reported surplus for the period and historical cost surpluses or deficits.

Signed on behalf of the Board:

Board Member:


.....

Board Member:


.....

Secretary:


.....

The notes on pages 26 to 41 form an integral part of these accounts

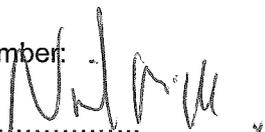
GOLDEN LANE HOUSING LTD

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2016**

	Year ended 31-Mar 2016 £	Restated Year ended 31-Mar 2015 £
Fixed assets		
Tangible fixed assets	8 88,954,946	85,201,090
Other tangible fixed assets	8 <u>212,942</u>	<u>280,041</u>
	<u>89,167,888</u>	<u>85,481,131</u>
Current assets		
Stock	9 3,964	0
Trade and other debtors	10 1,141,733	820,092
Cash and cash equivalents	11 7,402,868	4,861,806
Less: Creditors:		
Amounts falling due within one year	12 2,910,931	3,346,425
Net current assets/ (liabilities)	<u>5,637,634</u>	<u>2,335,473</u>
Total assets less current liabilities	<u>94,805,522</u>	<u>87,816,604</u>
Creditors:		
Amounts falling due after more than one year	13a 68,699,816	63,459,911
Total net assets	<u>26,105,706</u>	<u>24,356,692</u>
Reserves		
Income and expenditure reserve	25,577,228	23,838,453
Restricted (and/or endowment) reserve	528,478	518,239
Total reserves	<u>26,105,706</u>	<u>24,356,692</u>

The financial statements on pages 22 to 25 were approved and authorised for issue by the Board on 22nd June 2016 and were signed on its behalf by:

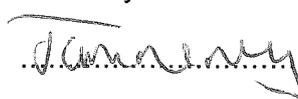
Board Member:



Board Member:



Secretary:



The notes on pages 26 to 41 form an integral part of these accounts

GOLDEN LANE HOUSING LTD

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2016**

	Income and expenditure reserve	Restricted reserve	Revaluation reserve	Restricted fund	Unrestricted fund
	£	£	£	£	£
Restated Balance at 1 April 2014	14,975,524	-	-	518,239	7,149,507
Surplus/(deficit) from Statement of Comprehensive Income	1,308,967	-	-	-	-
Transfer from Unrestricted fund to income and expenditure reserves	529,573	-	-	-	(529,573)
2014/15 transition adjustment	404,454	-	-	-	-
Balance at 31 March 2015	<u>17,218,518</u>	-	-	<u>518,239</u>	<u>6,619,934</u>
Surplus/(deficit) from Statement of Comprehensive Income	1,749,015	-	-	-	-
Transfer from Unrestricted fund to income and expenditure reserves	112,923	-	-	-	(112,923)
Transfer of restricted expenditure from unrestricted reserve	(10,239)	-	-	10,239	-
Balance at 31 March 2016	<u>19,070,217</u>	-	-	<u>528,478</u>	<u>6,507,011</u>

The notes on pages 26 to 41 form an integral part of these accounts.

The restricted fund holds repayable grants provided by non-government bodies.

GOLDEN LANE HOUSING LTD

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2016**

	Year ended 31-Mar 2016 £	Restated Year ended 31-Mar 2015 £
Net cash generated from operating activities	3,065,267	4,226,542
Cashflow from investing activities		
Purchase of tangible fixed assets	(5,764,677)	(6,147,234)
Proceeds from sale of tangible fixed assets	1,212,243	128,400
Grants received	255,238	26,450
Interest received	<u>19,943</u>	<u>26,961</u>
Cashflow from financing activities		
Interest paid	(1,846,792)	(1,775,431)
New secured loans	6,600,000	11,000,000
Repayment of borrowings	(1,000,161)	(7,900,258)
Net change in cash and cash equivalents	<u>2,541,061</u>	<u>(414,570)</u>
Cash and cash equivalents at beginning of the year	4,861,806	5,276,375
Cash and cash equivalents at end of the year	<u>7,402,868</u>	<u>4,861,806</u>

Note i	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
Cash flow from operating activities		
Surplus/(deficit) for the year	1,749,015	1,713,422
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	962,273	800,141
Decrease/(increase) in stock	(3,964)	-
Decrease/(increase) in trade and other debtors	(395,368)	(184,681)
Increase/(decrease) in trade and other creditors	158,504	(2,314)
Increase/(decrease) in provisions		(4,017)
Increase/(decrease) in amounts owed to group	(730,198)	363,163
Amortisation of grants	(351,769)	
Adjustments for investing of financing		
Proceeds from the sale of tangible fixed assets	28,404	
Government grants utilised in the year	(178,478)	(207,642)
Interest payable	1,846,791	1,775,431
Interest received	(19,943)	(26,961)
Net cash generated from operating activities	<u>3,065,267</u>	<u>4,226,542</u>

The notes on pages 26 to 41 form an integral part of these accounts

NOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES****a. Basis of preparation**

The accounts (financial statements) have been prepared in accordance with the Housing SORP 2014: Statement of Recommended Practice for social housing providers applicable to registered providers preparing their accounts in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Accounting Direction for Private Registered Providers of Social Housing 2015, Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

Golden Lane Housing meets the definition of a public benefit entity under FRS 102.

The board is satisfied that the current accounting policies are the most appropriate for the company. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

- Company Information

The charity is a company limited by guarantee, a registered charity, and a registered provider in England and Wales, which is incorporated and domiciled in the UK. The address of the registered office is 123 Golden Lane, London, EC1Y 0RY.

b. Going concern

After making enquiries the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, this is supported by a long-term business plan. For this reason, it continues to adopt the going concern basis in the financial statements.

c. Incoming resources

The following accounting policies are applied to income:

Donations are accounted for when conditions for their receipt have been met and there is reasonable assurance of receipt and the amount receivable can be estimated. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charitable company has unconditional entitlement.

Grants receivable are recognised in the statement of financial activities when the conditions for receipt of the grants have been fulfilled and the charitable company becomes entitled to payment. Discretionary grants applied for are not credited until they have been received. Where a grant is received relating to a future accounting period, the Statement of Financial Activities shows the gross amount receivable together with the movement in the amount deferred to future accounting periods.

Deferred grant income at the year end is included in creditors.

c. Incoming resources - continued

Gifts in kind : Assets given for use by the charitable company have been recognised as incoming resources when they become receivable and included either in fixed assets when they are received or in other debtors if they have not yet been received. The basis for valuation is the market value at the time of purchase.

Rental income is recognised on an accruals basis.

d. Resources expended

Liabilities are recognised once there is a legal or constructive obligation that commits the charity to the obligation. Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods and services are supplied. All resources expended are classified under activity headings that aggregate all costs related to the category:

- Charitable expenditure includes all expenditure directly related to the objects of the charity and comprises the cost of providing residential accommodation to beneficiaries.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs have been allocated to activity cost categories on a basis consistent with the use of resources and in proportion to the amount of time spent by staff on each activity cost category.

e. Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

f. Funds

The charity's funds consist of restricted funds which have been granted for the purchase of particular properties and are repayable when the properties are sold. The general unrestricted funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objects of the charity. Unrestricted funds may be held in order to finance both working capital and capital investment.

g. Tangible Fixed Assets

Freehold properties are stated in the balance sheet at cost less depreciation, unless any impairment in value is indicated by either periodic external valuations or the annual impairment review, less contributions from individuals and families where these individuals or families have the right to an equity share of the property on disposal, including any resulting profit or loss. It is the opinion of the Trustees that as a portfolio the properties' open market value is greater than their historical cost. However, it is not considered the best use of the charity's resources to undertake a full revaluation exercise and therefore it is not practicable to quantify the difference on the face of the accounts.

Depreciation is provided so as to write off the cost of the assets, net of the shared investment from the individual or families, in equal instalments over the estimated useful lives of the assets.

g. Tangible Fixed Assets - continued

Assets in the course of construction and freehold and leasehold land have not been depreciated.

As a result of FRS 102 we have reviewed the capitalisation and depreciation rates used and this has resulted in a material change due to the implementation of component accounting.

The depreciation rates used for other assets are as follows:

Freehold and long leasehold buildings (structure only) over 100 years : 1% per annum

Capitalised leasehold buildings (structure only) less than 100 years : Over the term of the lease

Bathroom	30 years
Kitchen	20 years
Boiler	15 years
Central Heating	30 years
Roof	60 years
Externals (fascias, soffits)	30 years
Doors	30 years
Windows	30 years
Electrics (rewire)	30 years

Capitalised data system software over 5 years.

Capitalised fixtures and fittings over 10 years.

h. Financial Instruments

GLH has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans, bonds and overdrafts, trade and other creditors.

i. Concessionary Loans

A concessionary loan was received from the parent company Mencap in June 2000. The interest rate is 0.5% below base rate for the life of the loan, this meant in 2015/16 no interest was paid. The loan repayments are quarterly. Mencap has a legal charge against 164 properties ranking behind that given to commercial lenders. It is held at face value in the accounts.

j. Government Grants

In GLH's previous years published accounts government grants were categorised as reserves. As a result of FRS 102 government grants are now categorised as creditors. Non government grants are still categorised as reserves.

k. Stock

GLH holds maintenance materials stock at the lower of cost and net realisable value.

l. Operating Leases

Rentals applicable to operating leases are charged to the SoFA over the period in which the cost is incurred.

2. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Turnover	2016 Operating expenditure	Operating surplus
	£	£	£
SOCIAL HOUSING LETTINGS (Note 3)	12,974,265	9,688,600	3,285,665
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting People	22,352	1,812	20,539
Other:			
Managed associations	80,514	-	80,514
Rechargeable work	40,704	-	40,704
ACTIVITIES OTHER THAN SOCIAL HOUSING			
Lettings (Note 3b)	89,553	-	89,553
Other	87,290	-	87,290
TOTAL	13,294,679	9,690,413	3,604,266

	Turnover	2015 Operating expenditure	Operating surplus
	£	£	£
SOCIAL HOUSING LETTINGS (Note 3)	11,879,736	8,752,087	3,127,649
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting People	34,574	1,440	33,134
Other:			
Managed associations	85,031	-	85,031
Rechargeable work	38,463	-	38,463
ACTIVITIES OTHER THAN SOCIAL HOUSING			
Lettings (Note 3b)	85,410	-	85,410
Other	78,855	-	78,855
TOTAL	12,202,069	8,753,527	3,448,542

3a. TURNOVER AND OPERATING EXPENDITURE

	Supported housing and housing for older people	Total 2016	Total 2015
INCOME			
Rent receivable net of identifiable service charges	11,936,368	11,936,368	10,880,882
Service charge income	431,482	431,482	464,778
Amortised government grants	189,709	189,709	188,993
Other grants	14,239	14,239	13,067
Other income from Social Housing Lettings	402,469	402,469	332,016
TURNOVER FROM SOCIAL HOUSING LETTINGS	<u>12,974,265</u>	<u>12,974,265</u>	<u>11,879,736</u>
OPERATING EXPENDITURE			
Management	3,549,927	3,549,927	3,310,087
Service charge costs	386,688	386,688	470,782
Routine maintenance	712,874	712,874	647,655
Planned maintenance	796,227	796,227	852,276
Major repairs expenditure	181,068	181,068	78,899
Bad debts	147,780	147,780	139,839
Depreciation of Housing Properties	895,053	895,053	776,627
Rent to landlords and ground rent	2,909,786	2,909,786	2,406,792
Other Costs	109,198	109,198	69,130
Operation expenditure on social housing lettings	<u>9,688,600</u>	<u>9,688,600</u>	<u>8,752,087</u>
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	<u>3,285,665</u>	<u>3,285,665</u>	<u>3,127,649</u>
Void losses	<u>109,198</u>	<u>109,198</u>	<u>69,130</u>

(being rental income lost as a result of property not being let, although it is available for letting)

3b. TURNOVER FROM ACTIVITIES OTHER THAN SOCIAL HOUSING

	2016	2015
	£	£
Lettings		
Market Renting	89,553	85,410
	<u>89,553</u>	<u>85,410</u>

4. ACCOMODATION OWNED, MANAGED AND IN DEVELOPMENT

	2016		2015	
	No. of properties Owned	Managed	No. of properties Owned	Managed
Social Housing				
Under development at end of year:				
Supported housing and housing for older people	3	-	11	-
Under management at end of year:				
Supported housing and housing for older people	418	190	402	148
Managed for other bodies	-	144	-	131
	<u>421</u>	<u>334</u>	<u>413</u>	<u>279</u>
Non-Social Housing				
Under management at end of year:				
Market Renting		10		10
		<u>10</u>		<u>10</u>

5. GAIN/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT (FIXED ASSETS)

	Property Developed for other PRPs £	Shared Ownership Staircasing sales £	Others £	Total 2016 £	Total 2015 £
Proceeds of sales			760,859	760,859	66,400
Less: Costs of sales			(1,119,562)	(1,119,562)	(115,050)
Surplus			(358,703)	(358,703)	(48,651)
Grant Repaid			292,774	292,774	62,000
Non-Repayable grant			37,525	37,525	
			(28,404)	(28,404)	13,349

6. INTEREST AND FINANCING COSTS

	Total 2016 £	Total 2015 £
On loans wholly or partly repayable in more than five years	1,781,008	1,586,496
Costs associated with financing	65,783	188,935
	1,846,791	1,775,431
	1,846,791	1,775,431

7. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

	Total 2016 £	Total 2015 £
The operating surplus is stated after charging/ (crediting):		
Auditors remuneration (excluding VAT):		
Audit of the group financial statements	10,900	10,500
Fees payable to the company's auditor and its associates for other services to the group:		
Taxation compliance services	3,912	-
Operating lease rentals:		
Land and buildings	107,041	104,807
Office equipment	81,554	67,666
Depreciation of housing properties	705,344	587,634
Depreciation of other fixed assets	67,094	61,899

8. TANGIBLE FIXED ASSETS

	Housing Properties				Total Housing Properties	Other Fixed Assets			
	Social Housing Properties For Letting- Completed	Social Housing Properties For Letting - Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction		Property, Furniture and Equipment	Office Equipment	Non-Social Housing Properties	Total Other Fixed Assets
COST									
At start of the year restated	90,445,260	1,529,768	-	-	91,975,028	207,798	231,571	-	439,369
Additions to properties acquired		5,446,500	-	-	5,446,500		-	-	-
Works to existing properties	318,177	-	-	-	318,177	-	-	-	-
Disposals	(1,315,553)	-	-	-	(1,315,553)	-	-	-	-
Schemes completed	5,920,745	(5,920,745)	-	-	-	-	-	-	-
At end of the year	95,368,629	1,055,523	-	-	96,424,152	207,798	231,571	-	439,369
DEPRECIATION AND IMPAIRMENT									
At start of the year	(6,773,938)	-	-	-	(6,773,938)	(15,585)	(143,743)	-	(159,328)
Charge for year	(833,181)	-	-	-	(833,181)	(20,785)	(46,314)	-	(67,099)
Disposals	137,912	-	-	-	137,912	-	-	-	-
At end of the year	(7,469,206)	-	-	-	(7,469,206)	(36,370)	(190,057)	-	(226,427)
Net book value at end of the year	87,899,423	1,055,523	-	-	88,954,946	171,428	41,513	-	212,942
Net book value at start of the year	83,671,322	1,529,768	-	-	85,201,090	192,213	87,828	-	280,041

8. TANGIBLE FIXED ASSETS - continued

Cost of properties includes £0 (2015: £0) for direct administrative costs capitalised during the year.

	2016	2015
Works to existing properties in the year:		
Improvement works capitalised	-	-
Components capitalised	318,177	450,138
Amounts charged to expenditure	760,866	704,807

Security

The bank loans are secured by fixed charges on individual properties and their carrying value on the balance sheet amounts to £64,597,948.

Terms of repayment and interest rates

The bank and other loans are repaid in monthly and quarterly instalments at various rates of interest ranging from 0% to 6.6%. The Mencap loan was issued on 1st April 2003. The interest rate on the loan is UK base rate minus 0.5% and so during 2015/16 the interest rate paid on the mencap loan was 0%.

The final instalments on the various loans fall in the period 2029 to 2036. At 31st March 2016 the group had undrawn loan facilities of £0.91m (2015: £6.69m).

Shared Ownership Properties

Within the year one shared ownership property was sold for £250,000. GLH's share of the funds was £166,667 and the shared owner received £83,333. The gain on disposal for GLH amounted to £38,514. Also within the year one shared ownership contribution of £80,000 was received from Mencap for a property in Cornwall.

9. STOCK

	2016	2015
	£	£
Maintenance stock	3,964	-
	<u>3,964</u>	<u>-</u>

10. TRADE AND OTHER DEBTORS

	2016	2015
	£	£
Rent arrears	859,375	599,314
Less: provision for bad debts	(154,716)	(110,659)
Other debtors	62,206	59,911
Prepayment and accrued income	374,868	271,525
	<u>1,141,733</u>	<u>820,092</u>

Debtors (rent arrears) greater than one year is £97,115.

11. CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash at bank	7,402,868	4,861,806
	<u>7,402,868</u>	<u>4,861,806</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
Loans	888,328	678,401
Trade creditors	279,955	153,991
Accruals and deferred income	1,165,291	1,243,157
Amounts owed to group undertakings (Mencap) - Concessionary Loan	321,742	321,742
Amounts owed to group undertakings (Mencap) - Intercompany	143,644	873,842
Other creditors	111,971	75,292
	<u>2,910,931</u>	<u>3,346,425</u>

13a. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
Loans and bonds	45,492,574	39,780,902
Amounts owed to group undertakings (Mencap) - Concessionary Loan	3,863,315	4,185,075
Shared investment contribution - Government grants	931,985	921,674
Shared investment contribution - Non Government grants	2,067,136	2,067,136
Repayable Government Grants	16,344,806	16,505,125
	<u>68,699,816</u>	<u>63,459,911</u>

13b. DEBT ANALYSIS

	2016	2015
Loans repayable by instalments:-		
Within one year	1,210,070	1,000,143
In one year or more but less than two years	1,308,051	1,037,130
In two years or more and less than five years	4,170,303	3,302,622
In five years or more	22,877,335	18,626,024
Loans not repayable by instalments:-		
Within one year		
In two years or more and less than five years	10,000,200	10,000,200
In five years or more	11,000,000	11,000,000
Total loans	<u>50,565,959</u>	<u>44,966,120</u>

2014 Bond

As of 31st March 2016:

Amount raised:	11,000,000
Amount committed:	1,734,519
Amount expensed:	9,803,786

An additional £800,000 has been provided from reserves to continue with priority projects whilst alternative long term funding is sought. As such, the total of expensed and committed funds is greater than the initial bond.

Net asset covenant:	$\frac{\text{Net assets - restricted reserves + bond}}{\text{Bond}}$
	$= \frac{26,105,708 - 528,478 + 10,000,000 + 11,000,000}{10,000,000 + 11,000,000}$

Target > 1.3

Actual as at 31 March 2016 = 2.22

2013 Bond

As of 31st March 2015:

Amount raised:	10,000,000
Amount expensed:	10,072,000

Net asset covenant:	$= \frac{26,105,708 - 528,478 + 10,000,000}{10,000,000}$
---------------------	----------------------------------------------------------

Target > 1.3

Actual as at 31 March 2016 = 3.56

The Social Impact report is available on our website and was in our annual report published in Autumn 2015.

The interest rate profile of the PRP at 31 March 2016 was:

	Variable			Weighted Average Rate %	Weighted Average Term Years
	Total £'000	Rate £'000	Fixed Rate £'000		
Instalment loans	22,656	8,778	13,878	3.86%	12.34
Non-instalments loans	27,909	6,909	21,000	3.50%	14.90
	<u>50,566</u>	<u>15,687</u>	<u>34,879</u>		

At 31 March 2016 the PRP has the following borrowing facilities:

	2016	2015
Undrawn committed facilities		
Undrawn facilities	<u>0.91m</u>	<u>6.69m</u>

GOLDEN LANE HOUSING LTD

Year ended 31st March 2016

14. DEFERRED CAPITAL GRANT

	2016 £	2015 £
At the start of the year	17,447,798	17,636,791
Grant received in the year	290,000	-
Grant disposed in the year	(271,299)	-
Released to income in the year	(189,709)	(188,993)
At the end of the year	<u>17,276,790</u>	<u>17,447,798</u>
	£	£
Amounts due to be released < 1 year	188,965	189,709
Amounts due to be released > 1 year	<u>17,087,825</u>	<u>17,258,090</u>
	<u>17,276,790</u>	<u>17,447,798</u>

	b/f	Addition	Disposal	Amortisation	c/f
<u>2014/15</u>					
Repayable Grant	(16,683,429)			178,304	(16,505,125)
Shared Ownership	(953,363)			10,689	(942,674)
					<u>(17,447,798)</u>
<u>2015/16</u>					
Repayable Grant	(16,505,125)	(290,000)	271,299	179,020	(16,344,806)
Shared Ownership	(942,673)			10,689	(931,984)
					<u>(17,276,790)</u>

15. STATEMENT OF FUNDS

	At 1st April 2015	Income	Expenditure	Transfer	At 31st March 2016
	£	£	£	£	£
TOTAL UNRESTRICTED FUNDS	23,838,453	13,196,942	(11,458,167)	-	25,577,228
TOTAL RESTRICTED FUNDS	518,239	10,239	-	-	528,478
TOTAL FUNDS	<u>24,356,692</u>	<u>13,207,181</u>	<u>(11,458,167)</u>	-	<u>26,105,706</u>

Restricted funds are non government grants for shared ownership properties.

16. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	464,713	1,110,478
Capital expenditure that has been authorised by the Board but has not yet been contracted for	1,269,806	-
	<u>1,734,519</u>	<u>1,110,478</u>
The PRP expects these commitments to be financed with:		
Social Housing Grant		
Proceeds from the sales of properties	800,000	
Committed loan facilities	934,519	1,110,478
	<u>1,734,519</u>	<u>1,110,478</u>

The above figures include the full cost of shared ownership properties contracted for.

17. OPERATING LEASES

The PRP holds properties and office equipment under non-cancellable operating leases. At the end of the year the PRP had commitments of future minimum lease payments as follows:-

	2016 £'000	2015 £'000
Land and buildings:		
Less than one year	1,404,666	1,392,456
In one year or more but less than two years	-	-
In two years or more and less than five years	1,033,663	726,049
In five years or more	13,395	13,125
	<u>2,451,724</u>	<u>2,131,630</u>

18. STAFF COSTS

GLH does not employ any staff. The staff working for GLH are employed by Mencap and their salaries are recharged to GLH.

The remuneration paid to key management personnel (salary, allowances and pension contributions but excluding NI contributions) in 2015/16 was £388,172.

The remuneration payable to the highest paid director in 2015/16, excluding pension and NI contribution, was £96,099.

The full time equivalent number of staff whose remuneration payable within each band of £10,000 from £60,000 (including salaries, expense allowances and contributions to pensions) were:

£60,000 to £70,000 : 3.6 FTE

£70,000 to £80,000 : nil

£80,000 to £90,000 : nil

£90,000 to £100,000 : nil

£100,000 to £110,000 : 1 FTE

The Chief Executive receives pension contributions equal to 5% of their salary. The pension scheme is a defined contributions scheme funded through rental income received.

The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply.

No compensation was made to any Directors or past Directors in relation to the period of account in respect of loss of office.

The aggregate amount of Directors' or past Directors pensions recognised within the financial statement for the year is £14,576.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Mencap, a charity registered and incorporated in the United Kingdom. A copy of that charitable company's accounts can be obtained from the registrar of Companies.

20. RELATED PARTIES

The following intra group transactions occurred during the year. Central services were provided by Mencap, the details and costs were as follows:

Business support (which includes HR, recruitment, payroll, procurement)	£48,969
Learning, development and quality	£29,854
Legal support	£6,446
IT support	£50,374
Senior management team support	£22,000

GLH also has a concessionary loan from Mencap of £4,185,057 at 31/03/2016. Capital and interest on the loan are repaid quarterly.

21. IMPACT OF ADOPTION OF FRS 102 AND PRIOR YEAR ADJUSTMENT

On adoption of FRS 102 the Association have restated the comparatives, the impact on reserves is as follows:

	Reserves at transition date 01-Apr-14	Surplus/ (deficit) Year ended 31-Mar-15	Reserves at 01-Apr-15
	£	£	£
As previously stated under former UK GAAP	36,992,367	1,308,967	38,301,334
Prior year adjustment	<u>(14,349,097)</u>	404,454	<u>(13,944,643)</u>
As restated under former UK GAAP	22,643,270	1,713,421	24,356,691
Transitional adjustments			
Re-categorise Government Grants	(17,830,385)	-	(17,830,385)
Amortisation of Government Grants	1,146,957	178,304	1,325,260
Amortisation of Government Shared Ownership	115,536	10,689	126,225
As stated in accordance with FRS 102	<u>(16,567,892)</u>	188,993	<u>(16,378,899)</u>
Prior year adjustment			
Implementation of Component Accounting	2,218,795	215,462	2,434,256
Total adjustments	<u>(14,349,097)</u>	404,454	<u>(13,944,643)</u>

In accordance with FRS102, grants received from Government bodies were re-categorised from reserves to creditors. An adjustment was then made to restate the historical amortisation relating to the grant as previously the grants were not amortised.

We have also reviewed the capitalisation and depreciation rates used as we now value our assets at the component level over their expected lives, this has resulted in a material change.

22. TAX

Golden Lane Housing is a registered charity. Under Part 11 CTA 2010, it is entitled to exemption from corporation tax on donations, investment income and gains, and on profits from any trading activities carried out in the furtherance of the charity's primary objectives, if they are applied to charitable purposes.

23. FINANCIAL INSTRUMENTS

At the balance sheet date the charity held financial liabilities at fair value of £ 69,909,886 (2015 £64,379,677). This figure includes long term loans from the Royal Mencap Society, Nationwide Building Society and Triodos bank, and other forms of financing including Bonds, Grants and shared ownership agreements.

Other financial instruments include:

Cash deposits	£7,402,868 (2015 : £4,861,806)
Trade and other debtors	£1,141,733 (2015 : £820,092)
Trade creditors	£279,955 (2015 : £153,991)

**CHARITY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2017**

GOLDEN LANE HOUSING

FINANCIAL STATEMENTS

For the year ended 31 March 2017

TUESDAY



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COMPANIES HOUSE

Independent Auditor's Report to the Members of Golden Lane Housing

We have audited the financial statements of Golden Lane Housing for the year ended 31 March 2017 set out on pages 22 to 42.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Report of the Board and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report to the Members of Golden Lane Housing

Opinion on financial statements

In our opinion the financial statements:

give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Companies Act 2006, Part 3 of schedule 1 to the Housing Act 1996 and The Accounting Direction for Private Registered Providers of Social housing from April 2015.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

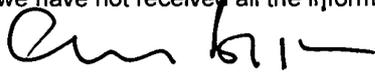
We have nothing to report in respect of the following matters where the Companies Act

adequate accounting records have not been kept; or

the financial statements are not in agreement with the accounting records and returns; or

certain disclosures of trustees' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.



Guy Biggin
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Cheltenham

Date: 3 July 2017

GOLDEN LANE HOUSING LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Turnover	2	14,562,699	13,294,679
Operating expenditure	2	(10,376,430)	(9,690,413)
Operating surplus/ (deficit)		4,186,270	3,604,266
Gain/(loss) on disposal of property, plant and equipment (fixed assets)		249,986	(28,404)
Interest receivable		18,063	19,943
Interest and financing costs	6	(1,898,153)	(1,846,791)
Surplus/(deficit) before tax		2,556,166	1,749,014
Taxation		0	0
Surplus/(deficit) for the year after tax		2,556,166	1,749,014
Total comprehensive income for the year		2,556,166	1,749,014

The results relate wholly to continuing activities.

There is no difference between the reported surplus for the period and historical cost surpluses or deficits.

Signed on behalf of the Board:

Board Member:



Board Member:



Secretary:



The notes on pages 26 to 42 form an integral part of these accounts

GOLDEN LANE HOUSING LTD

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2017**

	Year ended 31-Mar 2017 £	Restated Year ended 31-Mar 2016 £
Fixed assets		
Tangible fixed assets	8 89,945,617	88,954,946
Other tangible fixed assets	8 150,649	212,942
	<u>90,096,266</u>	<u>89,167,888</u>
Current assets		
Stock	9 11,412	3,964
Trade and other debtors	10 1,123,579	1,141,733
Cash and cash equivalents	11 8,089,618	7,402,868
Less: Creditors:		
Amounts falling due within one year	12 3,108,128	2,910,931
Net current assets/ (liabilities)	<u>6,116,481</u>	<u>5,637,634</u>
Total assets less current liabilities	<u>96,212,747</u>	<u>94,805,522</u>
Creditors:		
Amounts falling due after more than one year	13a 67,550,874	68,699,816
Total net assets	<u>28,661,872</u>	<u>26,105,706</u>
Reserves		
Income and expenditure reserve	28,133,394	25,577,228
Restricted (and/or endowment) reserve	528,478	528,478
Total reserves	<u>28,661,872</u>	<u>26,105,706</u>

The financial statements on pages 22 to 25 were approved and authorised for issue by the Board on 21st June 2017 and were signed on its behalf by:

Board Member:



Board Member:



Secretary:



The notes on pages 26 to 42 form an integral part of these accounts

GOLDEN LANE HOUSING LTD

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2017**

	Income and expenditure reserve	Restricted fund	Unrestricted fund	Total
	£	£	£	£
Balance at 31 March 2016	<u>19,070,217</u>	<u>528,478</u>	<u>6,507,011</u>	<u>26,105,706</u>
Surplus/(deficit) from Statement of Comprehensive Income	2,452,166	104,000	-	2,556,166
Transfer from Unrestricted fund to income and expenditure reserves	98,000	-	(98,000)	-
Transfer of restricted expenditure from restricted fund	104,000	(104,000)	-	-
Balance at 31 March 2017	<u>21,724,383</u>	<u>528,478</u>	<u>6,409,011</u>	<u>28,661,872</u>

The notes on pages 26 to 42 form an integral part of these accounts.

The restricted fund holds repayable grants provided by non-government

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GOLDEN LANE HOUSING LTD

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2017

	Year ended 31-Mar 2017 £	Year ended 31-Mar 2016 £
Net cash generated from operating activities	5,077,476	3,065,267
Cashflow from investing activities		
Purchase of tangible fixed assets	(2,504,978)	(5,764,677)
Proceeds from sale of tangible fixed assets	815,412	1,212,243
Grants received	445,000	255,238
Interest received	18,603	19,943
Cashflow from financing activities		
Interest paid	(1,898,153)	(1,846,792)
New secured loans		6,600,000
Repayment of borrowings	(1,266,609)	(1,000,161)
Net change in cash and cash equivalents	686,750	2,541,061
Cash and cash equivalents at beginning of the year	7,402,868	4,861,806
Cash and cash equivalents at end of the year	8,089,618 (0)	7,402,868 0

Note i	Year ended 31-Mar 2017 £	Year ended 31-Mar 2016 £
Cash flow from operating activities		
Surplus/(deficit) for the year	2,556,166	1,749,015
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,053,914	962,273
Amortisation of grants	(183,561)	(351,769)
Decrease/(increase) in stock	(7,448)	(3,964)
Decrease/(increase) in trade and other debtors	18,157	(395,368)
Increase/(decrease) in trade and other creditors	164,589	158,504
Increase/(decrease) in provisions		
Increase/(decrease) in amounts owed to group	(60,905)	(730,198)
Grants repaid	(55,000)	(178,478)
Gain/ (loss) on disposal of tangible fixed assets	(287,986)	28,404
Interest payable	1,898,153	1,846,791
Interest received	(18,603)	(19,943)
Net cash generated from operating activities	5,077,476	3,065,267

The notes on pages 26 to 42 form an integral part of these accounts

NOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES****a. Basis of preparation**

The accounts (financial statements) have been prepared in accordance with the Housing SORP 2014: Statement of Recommended Practice for social housing providers applicable to registered providers preparing their accounts in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Accounting Direction for Private Registered Providers of Social Housing 2015, Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

Golden Lane Housing meets the definition of a public benefit entity under FRS 102.

The board is satisfied that the current accounting policies are the most appropriate for the company. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

- Company Information

The charity is a company limited by guarantee, a registered charity, and a registered provider in England and Wales, which is incorporated and domiciled in the UK. The address of the registered office is 123 Golden Lane, London, EC1Y 0RY.

b. Going concern

After making enquiries the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, this is supported by a long-term business plan. For this reason, it continues to adopt the going concern basis in the financial statements.

c. Incoming resources

The following accounting policies are applied to income:

Donations are accounted for when conditions for their receipt have been met and there is reasonable assurance of receipt and the amount receivable can be estimated. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charitable company has unconditional entitlement.

Grants receivable are recognised in the statement of financial activities when the conditions for receipt of the grants have been fulfilled and the charitable company becomes entitled to payment. Discretionary grants applied for are not credited until they have been received. Where a grant is received relating to a future accounting period, the Statement of Financial Activities shows the gross amount receivable together with the movement in the amount deferred to future accounting periods.

Deferred grant income at the year end is included in creditors.

c. Incoming resources - continued

Gifts in kind : Assets given for use by the charitable company have been recognised as incoming resources when they become receivable and included either in fixed assets when they are received or in other debtors if they have not yet been received. The basis for valuation is the market value at the time of purchase.

Rental income is recognised on an accruals basis.

d. Resources expended

Liabilities are recognised once there is a legal or constructive obligation that commits the charity to the obligation. Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods and services are supplied. All resources expended are classified under activity headings that aggregate all costs related to the category:

- Charitable expenditure includes all expenditure directly related to the objects of the charity and comprises the cost of providing residential accommodation to beneficiaries.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs have been allocated to activity cost categories on a basis consistent with the use of resources and in proportion to the amount of time spent by staff on each activity cost category.

e. Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

f. Funds

The charity's funds consist of restricted funds which have been granted for the purchase of particular properties and are repayable when the properties are sold. The general unrestricted funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objects of the charity. Unrestricted funds may be held in order to finance both working capital and capital investment.

g. Tangible Fixed Assets

Freehold properties are stated in the balance sheet at cost less depreciation, unless any impairment in value is indicated by either periodic external valuations or the annual impairment review, less contributions from individuals and families where these individuals or families have the right to an equity share of the property on disposal, including any resulting profit or loss. It is the opinion of the Trustees that as a portfolio the properties' open market value is greater than their historical cost. However, it is not considered the best use of the charity's resources to undertake a full revaluation exercise and therefore it is not practicable to quantify the difference on the face of the accounts.

Depreciation is provided so as to write off the cost of the assets, net of the shared investment from the individual or families, in equal instalments over the estimated useful lives of the assets.

g. Tangible Fixed Assets - continued

Assets in the course of construction and freehold and leasehold land have not been depreciated.

As a result of FRS 102 we reviewed in 2016 the capitalisation and depreciation rates used and this resulted in a material change due to the implementation of component accounting.

The depreciation rates used for other assets are as follows:

Freehold and long leasehold buildings (structure only) over 100 years : 1% per annum

Capitalised leasehold buildings (structure only) less than 100 years : Over the term of the lease

Bathroom	30 years
Kitchen	20 years
Boiler	15 years
Central Heating	30 years
Roof	60 years
Externals (fascias, soffits)	30 years
Doors	30 years
Windows	30 years
Electrics (rewire)	30 years

Capitalised data system software over 5 years.

Capitalised fixtures and fittings over 10 years.

h. Financial Instruments

GLH has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans, bonds and overdrafts, trade and other creditors.

i. Concessionary Loans

A concessionary loan was received from the parent company Mencap in June 2000. The interest rate is 0.5% below base rate for the life of the loan (minimum 0%), this meant in 2016/17 no interest was paid. The loan repayments are quarterly. Mencap has a legal charge against 164 properties ranking behind that given to commercial lenders. It is held at face value in the accounts.

j. Government Grants

In GLH's previous years published accounts prior to 2016 government grants were categorised as reserves. As a result of FRS 102 government grants are now categorised as creditors. Non government grants are still categorised as reserves.

k. Stock

GLH holds maintenance materials stock at the lower of cost and net realisable value.

l. Operating Leases

Rentals applicable to operating leases are charged to the SoFA over the period in which the cost is incurred.

m. Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 1, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

2. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Turnover	2017 Operating expenditure	Operating surplus
	£	£	£
SOCIAL HOUSING LETTINGS (Note 3)	14,216,565	10,375,771	3,840,794
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting People	16,466	659	15,807
Other:			
Managed associations	82,302	-	82,302
Rechargeable work	173,749	-	173,749
ACTIVITIES OTHER THAN SOCIAL HOUSING			
Lettings (Note 3b)	64,469	-	64,469
Other	9,149	-	9,149
TOTAL	14,562,699	10,376,430	4,186,270

	Turnover	2016 Operating expenditure	Operating surplus
	£	£	£
SOCIAL HOUSING LETTINGS (Note 3)	12,974,265	9,688,600	3,285,665
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting People	22,352	1,812	20,539
Other:			
Managed associations	80,514	-	80,514
Rechargeable work	40,704	-	40,704
ACTIVITIES OTHER THAN SOCIAL HOUSING			
Lettings (Note 3b)	89,553	-	89,553
Other	87,290	-	87,290
TOTAL	13,294,679	9,690,413	3,604,266

3a. TURNOVER AND OPERATING EXPENDITURE

	General Housing	Supported housing and housing for older people	Low cost home Ownership	Total 2017	Total 2016
INCOME					
Rent receivable net of identifiable service charges	-	13,079,231	-	13,079,231	11,936,368
Service charge income	-	486,346	-	486,346	431,482
Amortised government grants	-	183,561	-	183,561	189,709
Other grants	-	104,000	-	104,000	14,239
Other income from Social Housing Lettings	-	363,427	-	363,427	402,469
TURNOVER FROM SOCIAL HOUSING LETTINGS	-	14,216,565	-	14,216,565	12,974,265
OPERATING EXPENDITURE					
Management	-	3,733,010	-	3,733,010	3,549,927
Service charge costs	-	463,350	-	463,350	386,688
Routine maintenance	-	643,680	-	643,680	712,874
Planned maintenance	-	872,476	-	872,476	796,227
Major repairs expenditure	-	145,050	-	145,050	181,068
Bad debts	-	156,627	-	156,627	147,780
Depreciation of Housing Properties	-	986,396	-	986,396	895,053
Rent to landlords and ground rent		3,337,461		3,337,461	2,909,786
Other Costs	-	37,721	-	37,721	109,198
Operation expenditure on social housing lettings	-	10,375,771	-	10,375,771	9,688,600
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	-	3,840,794	-	3,840,794	3,285,665
Void losses	-	671,646	-	671,646	697,103

(being rental income lost as a result of property not being let, although it is available for letting)

3b. TURNOVER FROM ACTIVITIES OTHER THAN SOCIAL HOUSING

	2017	2016
	£	£
Lettings		
Residential Care Homes	-	-
Registered Nursing Homes	-	-
Market Renting	64,469	89,553
Student accommodation	-	-
	<u>64,469</u>	<u>89,553</u>

4. ACCOMODATION OWNED, MANAGED AND IN DEVELOPMENT

Social Housing	2017		2016	
	No. of properties Owned	Managed	No. of properties Owned	Managed
Under development at end of year:				
General needs housing	-	-	-	-
Supported housing and housing for older people	3	-	3	-
Low-cost home ownership	-	-	-	-
Under management at end of year:				
General needs housing	-	-	-	-
Supported housing and housing for older people	417	203	418	190
Low-cost home ownership	-	-	-	-
Residential Care Homes	-	-	-	-
Registered Care Homes	-	-	-	-
Key worker housing	-	-	-	-
Temporary social housing	-	-	-	-
Managed for other bodies	-	174	-	144
	<u>420</u>	<u>377</u>	<u>421</u>	<u>334</u>
Non-Social Housing				
Under management at end of year:				
Market Renting		10		10
		<u>10</u>		<u>10</u>

5. GAIN/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT (FIXED ASSETS)

	Property Developed for other PRPs £	Shared Ownership Staircasing sales £	Others £	Total 2017 £	Total 2016 £
Proceeds of sales			724,460	724,460	760,859
Less: Costs of sales			(529,574)	(529,574)	(1,119,562)
Surplus			194,886	194,886	(358,703)
Grant Repaid			55,100	55,100	292,774
Non-Repayable grant				0	37,525
			249,986	249,986	(28,404)

6. INTEREST AND FINANCING COSTS

	Total 2017 £	Total 2016 £
On loans wholly or partly repayable in more than five years	1,882,247	1,781,008
Costs associated with financing	15,906	65,783
	1,898,153	1,846,791
	1,898,153	1,846,791

7. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

	Total 2017 £	Total 2016 £
Audit of the group financial statements	11,220	10,900
Fees payable to the company's auditor and its associates for other services to the group:		
Taxation compliance services	0	3,912
Operating lease rentals:		
Land and buildings	147,315	107,041
Office equipment	80,882	81,554
Impairment losses of housing properties	0	-
Depreciation of housing properties	802,835	705,344
Depreciation of other fixed assets	62,293	67,094

GOLDEN LANE HOUSING LTD

Year ended 31st March 2017

8. TANGIBLE FIXED ASSET

	Housing Properties				Total Housing Properties	Other Fixed Assets			
	Social Housing Properties For Letting-Completed	Social Housing Properties For Letting - Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction		Property, Furniture and Equipment	Office Equipment	Non-Social Housing Properties	Total Other Fixed Assets
COST									
At start of the year as previously stated	95,368,629	1,055,523	-	-	96,424,152	207,798	231,571	-	439,369
Additions to properties acquired		2,004,355	-	-	2,004,355		-	-	0
Interest capitalised					-				
Works to existing properties	500,623	-	-	-	500,623	-	-	-	-
Disposals	(731,574)	-	-	-	(731,574)	-	-	-	-
Schemes completed	2,743,863	(2,743,863)	-	-	0	-	-	-	-
At end of the year	97,881,541	316,016	-	-	98,197,557	207,798	231,571	-	439,369
DEPRECIATION AND IMPAIRMENT									
At start of the year	(7,469,206)	-	-	-	(7,469,206)	(36,370)	(190,057)	-	(226,427)
Prior year adjustment	-	-	-	-	-	-	-	-	-
Charge for year	(903,034)	-	-	-	(903,034)	(20,780)	(41,513)	-	(62,293)
Impairment losses	-	-	-	-	-	-	-	-	-
Disposals	120,300	-	-	-	120,300	-	-	-	-
At end of the year	(8,251,940)	-	-	-	(8,251,940)	(57,150)	(231,571)	-	(288,720)
Net book value at end of the year	89,629,601	316,016	-	-	89,945,617	150,649	0	-	150,649
Net book value at start of the year	87,899,423	1,055,523	-	-	88,954,946	171,428	41,513	-	212,942

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GOLDEN LANE HOUSING LTD

Year ended 31st March 2017

8. TANGIBLE FIXED ASSETS - continued

Cost of properties includes £0 (2016: £0) for direct administrative costs capitalised during the year.

	2017	2016
Works to existing properties in the year:		
Improvement works capitalised	-	-
Components capitalised	500,623	318,177
Amounts charged to expenditure	812,211	760,866

Security

The bank loans are secured by fixed charges on individual properties and their carrying value on the balance sheet amounts to £45,707,777.

Terms of repayment and interest rates

The bank and other loans are repaid in monthly and quarterly instalments at various rates of interest ranging from 0% to 6.6%. The Mencap loan was issued on 1st April 2003. The interest rate on the loan is UK base rate minus 0.5% (minimum 0%) and so during 2016/17 the interest rate paid on the mencap loan was 0%. The final instalments on the various loans fall in the period 2029 to 2036. At 31st March 2017 the group had undrawn loan facilities of £nil (2016: £0.91m).

Shared Ownership Properties

There were no additions or disposals with regard to shared ownership properties in the year.

GOLDEN LANE HOUSING LTD

Year ended 31st March 2017

9. STOCK

	2017	2016
	£	£
Maintenance stock	11,412	3,964
	<u>11,412</u>	<u>3,964</u>

10. TRADE AND OTHER DEBTORS

	2017	2016
	£	£
Rent arrears	804,262	859,375
Less: provision for bad debts	(154,716)	(154,716)
Other debtors	35,237	62,206
Prepayment and accrued income	438,795	374,868
	<u>1,123,579</u>	<u>1,141,733</u>

Debtors (rent arrears) greater than one year is £71,926
(2016 : £97,115).

11. CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash at bank	8,089,618	7,402,868
	<u>8,089,618</u>	<u>7,402,868</u>

GOLDEN LANE HOUSING LTD

Year ended 31st March 2017

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
Loans	985,966	888,328
Trade creditors	316,261	279,955
Accruals and deferred income	1,303,350	1,165,291
Amounts owed to group undertakings (Mencap) - Concessionary Loan	317,618	321,742
Amounts owed to group undertakings (Mencap) - Intercompany	82,739	143,644
Other creditors	102,195	111,971
	<u>3,108,128</u>	<u>2,910,931</u>

13a. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
Loans and bonds	44,505,856	45,492,574
Amounts owed to group undertakings (Mencap) - Concessionary Loan	3,495,139	3,863,315
Shared investment contribution - Government grants	921,296	931,985
Shared investment contribution - Non Government grants	2,067,136	2,067,136
Repayable Government Grants	16,561,448	16,344,806
	<u>67,550,875</u>	<u>68,699,816</u>

13b. DEBT ANALYSIS

	2017	2016
Loans repayable by instalments:-		
Within one year	1,303,584	1,210,070
In one year or more but less than two years	1,343,016	1,308,051
In two years or more and less than five years	4,286,672	4,170,303
In five years or more	21,371,107	22,877,335
Loans not repayable by instalments:-		
Within one year		
In two years or more and less than five years	10,000,200	10,000,200
In five years or more	11,000,000	11,000,000
Total loans	<u>49,304,579</u>	<u>50,565,959</u>

2014 Bond

The company issued through the intermediary of Retail Charity Bond (RCB), a bond totalling £11m paying a yield of 4.375%. The bond issue was fully subscribed and the full £11m was duly received. The bond is repayable on 30 September 2021.

As of 31st March 2017:

Amount raised: £11,000,000
 Amount expended: £11,571,822 Against 31 properties and 115 tenants.

Net asset covenant: Net assets - restricted reserves + bond
Bond

$$= \frac{28,666,872 - 7,093,411 + 10,000,000 + 11,000,000}{10,000,000 + 11,000,000}$$

Target > 1.3 Actual as at 31 March 2017 = 2.03

2013 Bond

The bond issued in 2013 for a total of £10m paying interest at 4% was fully deployed and has been used to purchase 29 properties and house 99 tenants. The bond is repayable on 30th September 2018.

As of 31st March 2017:

Amount raised: £10,000,000
 Amount expended: £10,072,000

Net asset covenant:
$$= \frac{28,666,872 - 7,093,411 + 10,000,000}{10,000,000}$$

Target > 1.3 Actual as at 31 March 2017 = 3.16

The Social Impact report is available on our website and was in our annual report published in the autumn.

The interest rate profile of the PRP at 31 March 2017 was:

	Variable			Weighted Average Rate %	Weighted Average Term Years
	Total £'000	Rate £'000	Fixed Rate £'000		
Instalment loans	28,304	14,598	13,706	3.61%	16.1
Non-instalments loans	21,000	-	21,000	4.20%	2.6
	<u>49,305</u>	<u>14,598</u>	<u>34,707</u>		

At 31 March 2017 the PRP has the following borrowing facilities: 2017 2016

Undrawn committed facilities		
Undrawn facilities	<u>nil</u>	<u>0.91</u>

GOLDEN LANE HOUSING LTD

Year ended 31st March 2017

14. DEFERRED CAPITAL GRANT	2017 £	2016 £
At the start of the year	17,276,790	17,447,798
Grant received in the year	445,000	290,000.00
Grant disposed in the year	(55,100)	(271,299)
Released to income in the year	(183,561)	(189,709)
At the end of the year	<u>17,483,129</u>	<u>17,276,790</u>
	£	£
Amounts due to be released < 1 year	188,965	188,965
Amounts due to be released > 1 year	<u>17,294,164</u>	<u>17,087,825</u>
	<u>17,483,129</u>	<u>17,276,790</u>

2015/16

Repayable Grant	(16,505,125)	(290,000)	271,299	179,020	(16,344,806)
Shared Ownership	(942,673)			10,689	(931,984)
					<u>(17,276,790)</u>

2016/17

Repayable Grant	(16,344,806)	(445,000)	55,100	173,258	(16,561,448)
Shared Ownership	(931,985)			10,689	(921,296)
					<u>(17,482,743)</u>

15. STATEMENT OF FUNDS

	At 1st April 2016 £	Income £	Expenditure £	Transfer £	At 31st March 2017 £
TOTAL UNRESTRICTED FUNDS	25,577,228	14,458,699	(12,006,533)	104,000	28,133,394
TOTAL RESTRICTED FUNDS	528,478	104,000	0	(104,000)	528,478
TOTAL FUNDS	<u>26,105,706</u>	<u>14,562,699</u>	<u>(12,006,533)</u>	<u>0</u>	<u>28,661,872</u>

Restricted funds are non government grants for shared ownership properties.

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GOLDEN LANE HOUSING LTD

Year ended 31st March 2017

16. CAPITAL COMMITMENTS	2017	2016
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	176,575	464,713
Capital expenditure that has been authorised by the Board but has not yet been contracted for	1,091,425	1,269,806
	<u>1,268,000</u>	<u>1,734,519</u>
The PRP expects these commitments to be financed with:		
Social Housing Grant		
Proceeds from the sales of properties	1,268,000	800,000
Committed loan facilities	-	934,519
	<u>1,268,000</u>	<u>1,734,519</u>

17. OPERATING LEASES

The PRP holds properties and office equipment under non-cancellable operating leases. At the end of the year the PRP had commitments of future minimum lease payments as follows:-

	2017	2016
	£	£
Land and buildings:		
Less than one year	1,592,994	1,404,666
In one year or more but less than two years	-	-
In two years or more and less than five years	1,824,706	1,033,663
In five years or more	202,158	13,395
	<u>3,619,858</u>	<u>2,451,724</u>

18. STAFF COSTS

GLH does not employ any staff. The staff working for GLH are employed by Mencap and their salaries are recharged to GLH.

The remuneration paid to key management personnel (salary, allowances and pension contributions but excluding NI contributions) in 2016/17 was £389,140 (2015/16 was £388,172).

The remuneration payable to the highest paid director in 2016/17, excluding pension and NI contribution, was £96,443 (2015/16 was £96,099).

The full time equivalent number of staff whose remuneration payable within each band of £10,000 from £60,000 (including salaries, expense allowances and contributions to pensions) were:

£60,000 to £70,000 : 1 FTE
 £70,000 to £80,000 : 2.6 FTE
 £80,000 to £90,000 : nil
 £90,000 to £100,000 : nil
 £100,000 to £110,000 : nil
 £110,000 to £120,000 : 1 FTE

The Chief Executive receives pension contributions equal to 5% of their salary. The pension scheme is a defined contributions scheme funded through rental income received.

The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply.

No compensation was made to any Directors or past Directors in relation to the period of account in respect of loss of office.

The aggregate amount of Directors' or past Directors pensions recognised within the financial statement for the year is £14,973 (2015/16 was £14,576).

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Mencap, a charity registered and incorporated in the United Kingdom. A copy of that charitable company's accounts can be obtained from the registrar of Companies.

20. RELATED PARTIES

The following intra group transactions occurred during the year. Central services were provided by Mencap, the details and costs were as follows:

Business support (which includes HR, recruitment, payroll, procurement)	£48,969
Learning, development and quality	£29,854
Legal support	£6,446
IT support	£50,374
Senior management team support	£22,000

GLH also has a concessionary loan from Mencap of £3,812,757 at 31/03/2017 (£4,185,057 at 31/03/2016). Capital and interest on the loan are repaid quarterly.

GLH also has an intercompany creditor balance with Mencap of £82,739 at 31/03/2017 (£143,644 at 31/03/2016). It is settled monthly.

21. TAX

Golden Lane Housing is a registered charity. Under Part 11 CTA 2010, it is entitled to exemption from corporation tax on donations, investment income and gains, and on profits from any trading activities carried out in the furtherance of the charity's primary objectives, if they are applied to charitable purposes.

22. FINANCIAL INSTRUMENTS

At the balance sheet date the charity held financial liabilities at fair value of £ 68,854,459 (2016 £69,909,886). This figure includes long term loans from the Royal Mencap Society, Nationwide Building Society and Triodos bank, and other forms of financing including Bonds, Grants and shared ownership agreements.

Other financial instruments include:

Cash deposits	£8,089,618 (2016 : £7,402,868)
Trade and other debtors	£1,113,483 (2016 : £1,141,733)
Trade creditors	£316,261 (2016 : £279,955)

F

APPENDIX F

ISSUER'S FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2015 AND THE YEAR ENDED 31 AUGUST 2016

INDEX TO THE ISSUER'S FINANCIAL STATEMENTS

1. Period ended 31 August 2015
2. Year ended 31 August 2016

ISSUER'S FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2015



Retail Charity Bonds plc
Financial Statements
for the period ended 31 August 2015

Registered number: 8940313

Retail Charity Bonds plc

Contents of the Financial Statements for the period ended 31 August 2015

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Cash Flow Statement	13
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Retail Charity Bonds plc
Reference and Administrative Details
for the period ended 31 August 2015

DIRECTORS: John Tattersall (Chairman)
Gordon D'Silva
Arvinda Gohil
Tom Hackett (Chairman, Review Committee)
Tim Jones
Geetha Rabindrakumar
Clare Thompson
Philip Wright (Chairman, Audit Committee)

SECRETARY: Cargil Management Services Limited
22 Melton Street
London
NW1 2BW

REGISTERED OFFICE: 27/28 Eastcastle Street
London
W1W 8DH

COMPANY NUMBER: 8940313

AUDITOR: RSM UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

PRINCIPAL BANKERS: National Westminster Bank plc
135 Bishopsgate
London
EC2M 3UR

SOLICITORS Linklaters LLP
One Silk Street
London
EC2Y 8HQ

**Retail Charity Bonds plc
Strategic Report
for the period ended 31 August 2015**

Summary and highlights

Results

The Directors present their Annual Report and audited financial statements for the period from incorporation on 14 March 2014 to 31 August 2015.

The results of Retail Charity Bonds plc (the "Company") are set out on page 11. The articles of the Company do not permit the payment of a dividend.

Key performance indicators

The Company has no specific key performance indicators. It is monitored against the original performance model and it is thus expected to break even.

Chairman's statement

The Directors of Retail Charity Bonds plc are pleased to have approved the issue of two bonds in this first period, for Golden Lane Housing and for Hightown Housing Association. Each member of the Board gives his or her time pro bono in order to support this important initiative and provide charities with access to the retail bond market, and we are grateful to all of them for their contribution.

Performance this period has been in line with expectations and we look forward to working with further charities in the coming year.

Business model and strategy

The Company is a special purpose vehicle created by Allia Limited, a national charity and social finance specialist. The Company has been established for the purpose of issuing bonds and lending the proceeds to UK charities to enable them to deliver their charitable mission. It will not engage in any other business activity.

The board has established two board committees:

1. The Review Committee is responsible for reviewing all loans to be made by the Company, recommending them to the Board for approval, considering the risk disclosures that will be required in relation to the charity and for recommending to the Board for approval any bond issues and the particular disclosures to be made in the relevant prospectus.
2. The Audit Committee is responsible for the Company's relationship with its external auditors, including advising the board on selection and remuneration, and for reviewing the operation of its internal controls as carried out on its behalf by Allia Bond Services Limited ("Allia BSL").

On 29 July 2014 the Company issued £11,000,000 4.375% bonds due 2021 secured on a loan to Golden Lane Housing Limited ("GLH") (a wholly owned subsidiary of the Royal Mencap Society). The cost of issuing the bond was £129,000 leaving a net balance of £10,871,000, which was advanced to GLH through a security trust arrangement with Prudential Trustee Company Limited.

Retail Charity Bonds plc
Strategic Report
for the period ended 31 August 2015

The costs of issue are amortised over the term of the bond using the effective interest rate method, resulting in an effective interest rate of 4.5753%. GLH is liable to the Company for both the bond coupon and the issue costs under the terms of the loan advance agreement.

On 30 April 2015, the Company issued £27,000,000 4.40% bonds due 2025 secured on a loan to Hightown Housing Association Limited ("Hightown"). The cost of issuing the bond was £227,000 leaving a net balance of £26,773,000, which was advanced to Hightown through a security trust arrangement with Prudential Trustee Company Limited.

The costs of issue are amortised over the term of the bond using the effective interest rate method, resulting in an effective interest rate of 4.5061%. Hightown is liable to the Company for both the bond coupon and the issue costs under the terms of the loan advance agreement.

The Company has appointed Allia BSL as Origination Manager to identify further suitable charity borrowers who would benefit from being able to access finance through a retail bond.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk, liquidity risk and credit risk.

Interest rate risk

As at 31 August 2015 100% of the Company's debt was on fixed rate terms. There is no intention to repay any debt prior to maturity; therefore any movement in the market value of debt due to changes in interest rates is not deemed material to the ongoing operations of the Company.

Liquidity risk

The Company actively lends the full amount of the loans it itself borrowed, thus it has assets to fully offset its liabilities and interest receivable to offset its interest payable.

Credit risk

The Company is reliant on the interest paid on its loans to fund the interest owing to bondholders. The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds (the "Charged Assets") are charged as security for the benefit of the investors in each of the bonds. As each bond prospectus stipulates that the obligations of the Company to pay amounts due on the bond are limited to the Charged Assets, the bondholders do not have recourse to any general assets of the Company and the risk of default by the borrowers is fully borne by the investors in the bonds.

Operational risks

Since the Company has no employees, it relies entirely on Allia BSL to provide management and administrative services. Any disruptions in the servicing arrangements could have an adverse effect on the Company. Having considered the complexity and volume of the transactions and the capability of Allia BSL, this risk is judged to be low.

**Retail Charity Bonds plc
Strategic Report
for the period ended 31 August 2015**

Directors' insurance

The Company has purchased insurance against Directors' liability for the benefit of the Directors of the Company.

Future outlook

The Directors are satisfied with the results in the period and expect future performance to continue on the same basis.

The Company may issue further bonds in the next twelve months.

Corporate governance statement

Internal control

The Company regards the successful identification, monitoring and control of risk as an essential part of its operations and has procedures in place to do so effectively.

By order of the board

A handwritten signature in black ink, appearing to read 'John Tattersall', with a long horizontal flourish extending to the right.

John Tattersall
Chairman
23 November 2015

Retail Charity Bonds plc
Directors' Report
for the period ended 31 August 2015

Incorporation

The Company was incorporated in England and Wales on 14 March 2014. Its ultimate parent undertaking is RC Bond Holdings Limited.

Principal activities

The principal activity of the Company is to act as a special purpose vehicle for the purpose of issuing bonds and lending the proceeds to UK charities. It will not engage in any other business activity.

The Directors of the Company who have served during the period and to the date of the financial statements are:

John Tattersall (Chairman – appointed 14 March 2104)
Gordon D'Silva (appointed 21 March 2014)
Arvinda Gohil (appointed 14 March 2014)
Thomas Hackett (appointed 14 March 2014)
Timothy Jones (appointed 14 March 2014)
Geetha Rabindrakumar (appointed 29 May 2014)
Clare Thompson (appointed 14 March 2014)
Philip Wright (appointed 14 March 2014)

Independent auditor

RSM UK Audit LLP was appointed in the period and has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the Annual General Meeting.

Directors' remuneration

None of the Directors received any remuneration from the Company.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going-concern basis, unless it is inappropriate to presume that the company will continue in operation.

In addition, the Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Retail Charity Bonds plc
Directors' Report
for the period ended 31 August 2015**

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Retail Charity Bonds plc website.

In accordance with Section 418, each Director in office at the date of the Directors' Report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board

A handwritten signature in black ink, appearing to read 'John Tattersall', with a long horizontal flourish extending to the right.

John Tattersall
Chairman
23 November 2015

Independent Auditor's Report to the members of Retail Charity Bonds plc

We have audited the financial statements on pages 11 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 7 to 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the members of
Retail Charity Bonds plc**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Graham Ricketts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

23 November 2015

Retail Charity Bonds plc
Profit and Loss Account
for the period ended 31 August 2015

	Notes	Period ended 31 August 2015 £'000
Turnover		32
Interest receivable and similar income	3	941
Interest payable and similar charges	5	(941)
Other income		59
Administrative expenditure		(89)
Profit before taxation		2
Tax	6	-
PROFIT FOR THE PERIOD	12	2

The period from incorporation on 14 March 2014 was the first period of trading for the company.

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

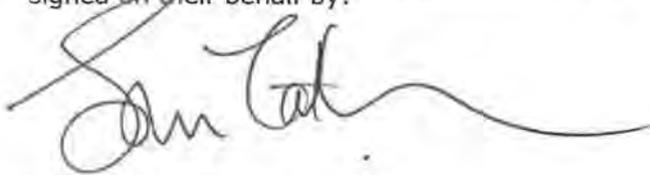
The notes on pages 14 to 20 form part of these financial statements.

(Registered number: 8940313)

Retail Charity Bonds plc
Balance sheet
as at 31 August 2015

	Notes	As at 31 August 2015 £'000
Current assets		
Debtors: amounts due after more than one year	7	37,667
Debtors: amounts due after less than one year	8	513
Cash at bank and in hand		2
		<hr/> 38,182
Creditors		
Amounts falling due within one year	9	(463)
		<hr/> 37,719
Net current assets		
Creditors		
Amounts falling due after one year	10	(37,667)
		<hr/> 52
Net assets		
Capital and reserves		
Share capital	11	50
Profit and loss account	12	2
Shareholder's funds	13	<hr/> 52

The financial statements were approved by the Directors on 23 November 2015 and were signed on their behalf by:



.....
JOHN TATTERSALL - CHAIRMAN

The notes on pages 14 to 20 form part of these financial statements.

Retail Charity Bonds plc
Cash Flow Statement
for the period ended 31 August 2015

	Notes	Period ended 31 August 2015 £'000
Reconciliation of profit to net cash inflow		
Profit before tax		2
Receipt of bond proceeds		37,643
Loans advanced		(37,643)
Interest received		481
Interest paid		(481)
Increase in debtors		(27)
Increase in creditors		27
Net cash inflow from operations		<u>2</u>
 CASHFLOW FOR THE PERIOD		
Increase in cash		2
Cash brought forward		-
Net cash resources at period end		<u>2</u>
 Reconciliation of net cashflow to movement in net debt		
Increase in cash		2
Receipt of bond proceeds	(37,643)	
Bond interest paid	481	
	<u> </u>	(37,162)
Change resulting from cashflow		(37,160)
Other movements		
Interest payable	(941)	
Accrued interest	436	
	<u> </u>	(505)
Movement in net debt for the period		(37,665)
Opening net debt		-
Closing net debt	14	<u>(37,665)</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Financial Reporting Standards in the United Kingdom (UK GAAP).

A summary of the more important accounting policies, which have been consistently applied, are set out below:

Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement.

Bonds and loans are held at amortised cost using the effective interest rate method. The discount and issue costs of each bond are amortised over the life of the bond to which they relate.

Bond issuing costs

Costs in respect of the issue of new bonds are deducted from proceeds and amortised to the profit and loss account over the expected life of the bond.

Going concern

At the date of these financial statements the Directors have carried out a detailed and comprehensive review of the business and its future prospects. In the opinion of the Directors, the Company is expected to be able to continue trading within the current arrangements and consequently the financial statements are presented on a going concern basis.

Turnover

The turnover shown in the profit and loss account represents revenue recognised by the Company in respect of services supplied during the period, exclusive of Value Added Tax.

Other income

Other income represents payments from Allia BSL under the Services Agreement with that company and is determined and credited on an accounting period basis.

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

2. STAFF COSTS

The company employs no staff. All services are provided to the Company by Allia Bond Services Limited. None of the directors received remuneration for their services.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 August 2015 £'000
Interest receivable on loans	941
	941

4. PROFIT AND LOSS ACCOUNT

The profit for the period is stated after charging:

	Period ended 31 August 2015 £'000
Fees payable to RSM UK Audit LLP and its associates:	
Audit remuneration	24
Review of the interim statements	21
	45

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 August 2015 £'000
Interest payable to bond holders	941
	941

6. TAX ON PROFIT OR ORDINARY ACTIVITIES

	Period ended 31 August 2015 £'000
Analysis of tax charge in the period	
Current tax on income for the period	-
Deferred tax	-
Tax on profit on ordinary activities	-
	-

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

6. TAX ON PROFIT OR ORDINARY ACTIVITIES
(continued ...)

The tax assessed for the period is equal to the standard rate of corporation tax in the UK at 20%.

	Period ended 31 August 2015 £'000
Profit for the period before taxation	2
UK corporation tax at 20%	-
Current tax charge for the year	-

7. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	At 31 August 2015 £'000
Loan to Golden Lane Housing	10,888
Loan to Hightown Housing Association Limited	26,779
	<u>37,667</u>

The loans to Golden Lane Housing and Hightown Housing Association Limited are secured (see note 10 for further details).

8. DEBTORS

	At 31 August 2015 £'000
Other debtors	27
Amounts owing from related companies	50
Accrued interest on Golden Lane Housing loan	40
Accrued interest on Hightown Housing Association Limited loan	396
	<u>513</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 August 2015 £'000
Trade creditors	3
Interest on bond to fund Golden Lane Housing loan	40
Interest on bond to fund Hightown Housing Association Limited loan	396
Accruals	24
	463

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	At 31 August 2015 £'000
Bond to fund Golden Lane Housing loan	10,888
Bond to fund Hightown Housing Association Limited loan	26,779
	37,667

On 29 July 2014 the Company issued an £11 million bond at a coupon of 4.375% with repayment due in full on 29 July 2021. The funds received after bond issue costs were £10,871,000; based on these proceeds the gross yield of the bonds to their redemption on the expected maturity date equates to a fixed interest rate of 4.575%.

The costs of issuing the bond were £129,000 leaving a net balance of £10,871,000 which was lent to Golden Lane Housing Limited, an independent charity established in 1998 by the Royal Mencap Society.

On 30 April 2015 the Company issued an £27 million bond at a coupon of 4.40% with repayment due in full on 30 April 2025. The funds received after bond issue costs were £26,773,000; based on these proceeds the gross yield of the bonds to their redemption on the expected maturity date equates to a fixed interest rate of 4.506%.

The costs of issuing the bond were £227,000 leaving a net balance of £26,773,000 which was lent to Hightown Housing Association Limited.

Bond issue costs are amortised over the terms of the bonds using the effective interest rate method. For each bond amount, the borrowers are liable to the Company for both the bond coupon and the bond issue costs, under an agreement between the companies.

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
(continued ...)

The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds (the "Charged Assets") are charged as security for the benefit of the investors in each of the bonds. This means that if the borrowers fail to make payments of interest or repayments of principal under the loan agreement and this results in the occurrence of an event of default under the terms and conditions of the bonds, the Trustee (acting on the instructions of the bondholders) may enforce the terms of the loan against the borrowers.

Each bond prospectus stipulates that the obligations of the Company to pay amounts due on the bond are limited to the Charged Assets. Therefore, the risk of default by the borrowers is fully borne by the investors in the bonds.

The borrowings are due as follows:

	At 31 August 2015 £'000
Due in more than five years	37,667
	37,667

11. SHARE CAPITAL

	At 31 August 2015 £'000
Authorised issued shares of £1 each	50
Allotted, called up, but not paid	13

On 14 March 2014 50,000 shares were issued at par.

12,500 of the issued £1 shares are allotted, called up, but not paid. The remaining 37,500 £1 shares are allotted, but not called up or paid.

In addition, there is one issued ordinary share, which is designated as a "Special Share". In respect of any resolution proposed in relation to any alteration in the articles of association of the Company, the holder of the Special Share is entitled to cast such number of votes as is necessary to defeat the resolution and, in the event that the holder of the Special Share has not voted in respect of any such resolution, such resolution will be deemed not to have been passed. The holder of the Special Share shall not be entitled to vote in relation to any matter other than a proposed alteration in the articles of association of the Company.

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

12. PROFIT AND LOSS ACCOUNT

	Period ended 31 August 2015 £'000
Profit for the period	2
Carried forward	<u>2</u>

13. MOVEMENT IN SHAREHOLDER'S FUNDS

	Period ended 31 August 2015 £'000
Shares issued during the period	50
Profit for the period	<u>2</u>
Closing shareholder's funds	<u>52</u>

14. ANALYSIS OF NET DEBT

	At 14 March 2014 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 August 2015 £'000
Net cash	-	2	-	2
Debts falling due after more than one year	<u>-</u>	<u>(37,162)</u>	<u>(505)</u>	<u>(37,667)</u>
Net debt	<u>-</u>	<u>(37,160)</u>	<u>(505)</u>	<u>(37,665)</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2015

15. RELATED PARTIES

John Tattersall is a Director of the Company; he owns £7,600 of the bonds in relation to Golden Lane Housing Limited issued by the Company and £10,000 of the bonds in relation to Hightown Housing Association Limited issued by the Company.

Geetha Rabindrakumar is a Director of the Company; she owns £500 of the bonds in relation to Golden Lane Housing Limited issued by the Company.

Philip Wright, a Director of the Company, is also a director of Allia Limited. Timothy Jones, a Director of the Company, is also Secretary and Chief Executive of Allia Limited. During the period ended 31 August 2015 the Company charged Allia Bond Services Limited £59,000; Allia Bond Services Limited is a wholly owned subsidiary of Allia Limited. At 31 August 2015 the Company was owed £18,000 from Allia Bond Services Limited.

In addition, Allia Limited holds the £1 Special Share described in note 11.

The Company has taken advantage of the exemption available to wholly owned group companies under Financial Reporting Standard Number 8, "Related Party Disclosures", not to disclose details of its transactions with R C Bond Holdings Limited.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is RC Bond Holdings Limited, which is a company limited by guarantee (registered company number 8936422).

The largest group in which the results of the Company are consolidated is that headed by RC Bond Holdings Limited. No other Group Statements include the results of the Company.

A copy of the Group financial statements can be obtained from RC Bond Holdings Limited, Future Business Centre, Kings Hedges Road, Cambridge, CB4 2HY, United Kingdom.

ISSUER'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016



Retail Charity Bonds plc
Financial Statements
for the year ended 31 August 2016

Registered number: 8940313

Retail Charity Bonds plc

**Contents of the Financial Statements
for the year ended 31 August 2016**

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Retail Charity Bonds plc
Reference and Administrative Details
for the year ended 31 August 2016

DIRECTORS: John Tattersall (Chairman)
Gordon D'Silva
Thomas Hackett (Chairman, Review Committee)
Timothy Jones
Geetha Rabindrakumar
Clare Thompson
Philip Wright (Chairman, Audit Committee)

SECRETARY: Cargil Management Services Limited
22 Melton Street
London
NW1 2BW

REGISTERED OFFICE: 27/28 Eastcastle Street
London
W1W 8DH

COMPANY NUMBER: 8940313

AUDITOR: RSM UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

PRINCIPAL BANKERS: National Westminster Bank plc
135 Bishopsgate
London
EC2M 3UR

SOLICITORS Linklaters LLP
One Silk Street
London
EC2Y 8HQ

Retail Charity Bonds plc
Strategic Report
for the year ended 31 August 2016

Summary and highlights

Results

The Directors present their Annual Report and audited financial statements for the year to 31 August 2016.

The results of Retail Charity Bonds plc (the "Company") are set out on page 11. The articles of the Company do not permit the payment of a dividend.

Key performance indicators

The Company has no specific key performance indicators. It is monitored against the original performance model and it is thus expected to break even.

Chairman's statement

The Directors of Retail Charity Bonds plc are pleased to have approved the issue of a further bond in this year to the Charities Aid Foundation. Each member of the Board continues to give his or her time pro bono in order to support this important initiative and provide charities with access to the retail bond market, and we are grateful to all of them for their contribution.

Performance this year has been in line with expectations and we look forward to working with further charities in the coming year.

Business model and strategy

The Company is a special purpose vehicle created by Allia Limited, a national charity and social finance specialist. The Company has been established for the purpose of issuing bonds and lending the proceeds to UK charities to enable them to deliver their charitable mission. It will not engage in any other business activity.

The Board has established two committees:

1. The Review Committee is responsible for reviewing all loans to be made by the Company, recommending them to the Board for approval, considering the risk disclosures that will be required in relation to the charity and for recommending to the Board for approval any bond issues and the particular disclosures to be made in the relevant prospectus.
2. The Audit Committee is responsible for the Company's relationship with its external auditors, including advising the board on selection and remuneration, and for reviewing the operation of its internal controls as carried out on its behalf by Allia Impact Finance Limited ("Allia IFL").

On 12 April 2016 the Company issued £30,000,000 5.000% bonds due 2021, including £10,000,000 of retained bonds, secured on a loan to Charities Aid Foundation ("CAF"). The cost of issuing the bond was £276,000 leaving a net balance of £19,724,000, which was advanced to CAF through a security trust arrangement with Prudential Trustee Company Limited.

Retail Charity Bonds plc
Strategic Report
for the year ended 31 August 2016

The costs of issue are amortised over the term of the bond using the effective interest rate method, resulting in an effective interest rate of 5.18%. CAF is liable to the Company for both the bond coupon and the issue costs under the terms of the loan advance agreement.

The Company has appointed Allia IFL as origination manager to identify further suitable charity borrowers who would benefit from being able to access finance through a retail bond.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk, liquidity risk and credit risk.

Interest rate risk

As at 31 August 2016 100% of the Company's debt was on fixed rate terms. There is no intention to repay any debt prior to maturity; therefore any movement in the market value of debt due to changes in interest rates is not deemed material to the ongoing operations of the Company.

Liquidity risk

The Company actively lends the full amount of the loans it itself borrowed, thus it has assets to fully offset its liabilities and interest receivable to offset its interest payable.

Credit risk

The Company is reliant on the interest paid on its loans to fund the interest owing to bondholders. The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds (the "Charged Assets") are charged as security for the benefit of the investors in each of the bonds.

As each bond prospectus stipulates that the obligations of the Company to pay amounts due on the bond are limited to the Charged Assets, the bondholders do not have recourse to any general assets of the Company and the risk of default by the borrowers is fully borne by the investors in the bonds.

Operational risks

Since the Company has no employees, it relies entirely on Allia IFL to provide management and administrative services. Any disruptions in the servicing arrangements could have an adverse effect on the Company. Having considered the complexity and volume of the transactions and the capability of Allia IFL, this risk is judged to be low.

Future outlook

The Directors are satisfied with the results in the year and expect future performance to continue on the same basis.

The Company expects to issue further bonds in the next twelve months.

**Retail Charity Bonds plc
Strategic Report
for the year ended 31 August 2016**

Corporate governance statement

Internal control

The Company regards the successful identification, monitoring and control of risk as an essential part of its operations and has procedures in place to do so effectively.

By order of the board

A handwritten signature in black ink, appearing to read 'John Tattersall', with a long horizontal flourish extending to the right.

John Tattersall
Chairman
1 December 2016

**Retail Charity Bonds plc
Directors' Report
for the year ended 31 August 2016**

Incorporation

The Company was incorporated in England and Wales on 14 March 2014. Its ultimate parent undertaking is RC Bond Holdings Limited.

Principal activities

The principal activity of the Company is to act as a special purpose vehicle for the purpose of issuing bonds and lending the proceeds to UK charities. It will not engage in any other business activity.

The Directors of the Company who have served during the year and to the date of the financial statements are:

John Tattersall (Chairman)
Gordon D'Silva
Arvinda Gohil (resigned 8th June 2016)
Thomas Hackett
Timothy Jones
Geetha Rabindrakumar
Clare Thompson
Philip Wright

Independent auditor

RSM UK Audit LLP has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the Annual General Meeting.

Directors' remuneration

None of the Directors received any remuneration from the Company.

Directors' insurance

The Company has purchased insurance against Directors' liability for the benefit of the Directors of the Company.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going-concern basis, unless it is inappropriate to presume that the company will continue in operation.

In addition, the Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them

**Retail Charity Bonds plc
Directors' Report
for the year ended 31 August 2016**

to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Retail Charity Bonds plc website.

In accordance with Section 418, each Director in office at the date of the Directors' Report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board

A handwritten signature in black ink, appearing to read 'John Tattersall', with a long horizontal flourish extending to the right.

John Tattersall
Chairman
1 December 2016

Independent Auditor's Report to the members of Retail Charity Bonds plc

We have audited the financial statements on pages 11 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 7 to 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the members of
Retail Charity Bonds plc**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Graham Ricketts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

1 December 2016

Retail Charity Bonds plc
Statement of Comprehensive Income
for the year ended 31 August 2016

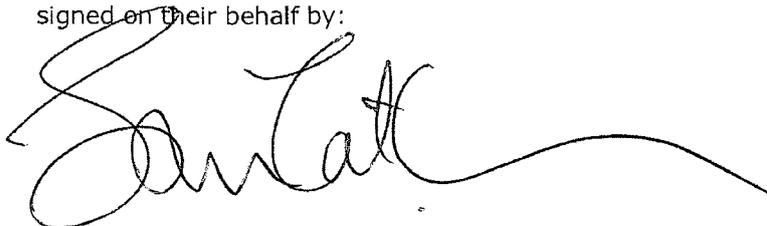
		Year ended 31 August 2016	Period ended 31 August 2015
	Notes	£'000	£'000
Turnover	2	37	32
Interest receivable and similar income	4	2,045	941
Interest payable and similar charges	6	(2,045)	(941)
Other income		22	59
Administrative expenditure		(59)	(89)
		<hr/>	<hr/>
Profit before taxation		-	2
Tax	7	-	-
		<hr/>	<hr/>
Profit and total comprehensive income for the year		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 23 form part of these financial statements.

(Registered number: 8940313)
Retail Charity Bonds plc
Statement of Financial Position
as at 31 August 2016

	Notes	As at 31 August 2016 £'000	As at 31 August 2015 £'000
Current assets			
Debtors: amounts due after more than one year	8	57,435	37,667
Debtors: amounts due after less than one year	9	832	513
Cash at bank and in hand		111	2
		58,378	38,182
Creditors			
Amounts falling due within one year	10	(891)	(463)
		57,487	37,719
Net current assets			
Creditors			
Amounts falling due after one year	11	(57,435)	(37,667)
		52	52
Net assets			
Capital and reserves			
Share capital	12	50	50
Profit and loss account		2	2
		52	52
Shareholder's funds			

The financial statements were approved by the Directors on 1 December 2016 and were signed on their behalf by:



.....
JOHN TATTERSALL - CHAIRMAN

The notes on pages 15 to 23 form part of these financial statements.

(Registered number: 8940313)
Retail Charity Bonds plc
Statement of Changes in Equity
For the year ended 31 August 2016

	Share capital	Profit and loss account	TOTAL
	£'000	£'000	£'000
Balance at 14 March 2014	-	-	-
Issue of shares	50	-	50
Profit for the period	-	2	2
Balance at 31 August 2015	50	2	52
Profit for the year	-	-	-
Balance at 31 August 2016	50	2	52

The notes on pages 15 to 23 form part of these financial statements.

Retail Charity Bonds plc
Statement of Cash Flows
for the year ended 31 August 2016

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Reconciliation of profit to net cash inflow		
Profit after tax	-	2
Receipt of bond proceeds	19,724	37,643
Loans advanced	(19,724)	(37,643)
Interest received	1,669	481
Interest paid	(1,669)	(481)
Increase in debtors	(13)	(27)
Increase in creditors	122	27
Net cash inflow from operations	109	2
 CASHFLOW FOR THE PERIOD		
Increase in cash	109	2
Cash brought forward	2	-
Net cash resources at period end	111	2

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

1. GENERAL INFORMATION

Retail Charity Bonds plc ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is shown on page 3.

The Company's principal activities are disclosed in the Director's Report.

ACCOUNTING POLICIES

The Company was incorporated on 14 March 2014 and the comparative figures shown in these accounts relate to the period from that date until 31 August 2015.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

First time adoption of FRS 102

These financial statements are the first financial statements of Retail Charity Bonds plc prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Retail Charity Bonds plc for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

No adjustments to opening reserves were made for transition to FRS102 and the comparatives have not been restated.

A summary of the more important accounting policies, which have been consistently applied, are set out below:

Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with FRS 102 and the historical cost convention.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement. The Company considers that all of its financial instruments are "Basic Financial Instruments" and has elected to apply the provisions of Section 11 accordingly.

Basic financial assets, which include trade and other receivables, accrued revenue and cash and bank balances, are initially measured at transaction price including

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

transaction costs and are subsequently carried at amortised cost using the effective interest rate method.

Bonds and loans are held at amortised cost using the effective interest rate method. The discount and issue costs of each bond are amortised over the life of the bond to which they relate.

Basic financial liabilities, including trade and other payables and accrued expenses are initially recognised at transaction price and subsequently carried at amortised cost, using the effective interest rate method.

Bond issuing costs

Costs in respect of the issue of new bonds are deducted from proceeds and amortised to the profit and loss account over the expected life of the bond.

Going concern

At the date of these financial statements the Directors have carried out a detailed and comprehensive review of the business and its future prospects. In the opinion of the Directors, the Company is expected to be able to continue trading within its current arrangements and consequently the financial statements are presented on a going concern basis.

In their review, the Directors considered the support provided by Allia Impact Finances Limited under its services agreement with the Company. Without this support the Company might not be able to meet its liabilities as they fall due. However, the Directors are satisfied that this support will continue and be sufficient.

Turnover

The turnover shown in the profit and loss account represents fees for the arrangement of bond issues and for the servicing of existing bond issues and is recognised by the Company in respect of services supplied for bonds issued during the period, exclusive of Value Added Tax.

Other income

Other income represents payments from Allia Impact Finance Limited ("Allia IFL") under the Services Agreement with that company and is determined and credited on an accounting period basis.

Interest receivable

Interest receivable represents the amounts receivable as compound interest on the loan advances made and is calculated using the effective interest rate basis.

Interest payable

Interest payable represents the amounts payable as compound interest on the bonds issued and is calculated using the effective interest rate basis.

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The key estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the carrying value of loans receivable. However, the directors are satisfied that, because each bond prospectus stipulates that the obligations of the Company to pay amounts due on the Bond are limited to the Charged Assets, the risk of default by the borrowers is fully borne by the investors in the Bonds.

Critical area of judgement

The main critical area of judgement for the directors that has the most significant effect on the amounts recognised in the financial statements relates to the ability of Allia Impact Finance Limited to fulfil the agreement to provide services to support the Company and to make good any shortfall in the Company's results, while it establishes its business.

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

2. TURNOVER

Turnover was all derived from trading in the UK.

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Fees for the arrangement of bond issues	37	32

3. STAFF COSTS

The Company employs no staff. All services are provided to the Company by Allia Impact Finance Limited. None of the directors received remuneration for their services.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Interest receivable on loans	2,045	941

5. PROFIT AND LOSS ACCOUNT

The profit for the year/period is stated after charging:

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Fees payable to RSM UK Audit LLP and its associates:		
Audit remuneration	18	24
Review of interim statements	-	21
Tax compliance	-	3

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Interest payable to bond holders	2,045	941

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge in the period	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Current tax	-	-
Deferred tax	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the period is equal to the standard rate of corporation tax in the UK at 20%.

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Profit for the period before taxation	<u>-</u>	<u>2</u>
UK corporation tax at 20%	-	-
Current tax charge for the year	<u>-</u>	<u>-</u>

8. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	At 31 August 2016 £'000	At 31 August 2015 £'000
Loan to Golden Lane Housing	10,905	10,888
Loan to Hightown Housing Association Limited	26,798	26,779
Loan to Charities Aid Foundation	19,732	-
	<u>57,435</u>	<u>37,667</u>

The loans to Golden Lane Housing and Hightown Housing Association Limited and Charities Aid Foundation are unsecured (see note 11 for further details).

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

9. DEBTORS: AMOUNTS DUE AFTER LESS THAN ONE YEAR

	At 31 August 2016 £'000	At 31 August 2015 £'000
Other debtors	13	27
Amounts owing from related companies	50	50
Accrued interest on Golden Lane Housing loan	40	40
Accrued interest on Hightown Housing Association Limited loan	396	396
Accrued interest on Charities Aid Foundation loan	333	-
	<u>832</u>	<u>513</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 August 2016 £'000	At 31 August 2015 £'000
Trade creditors	83	3
Other creditors	3	-
Deferred income	11	-
Interest on bond to fund Golden Lane Housing loan	40	40
Interest on bond to fund Hightown Housing Association Limited loan	396	396
Interest on bond to fund Charities Aid Foundation loan	333	-
Accruals	25	24
	<u>891</u>	<u>463</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	At 31 August 2016 £'000	At 31 August 2015 £'000
Bond to fund Golden Lane Housing loan	10,905	10,888
Bond to fund Hightown Housing Association Limited loan	26,798	26,779
Bond to fund Charities Aid Foundation loan	19,732	-
	<u>57,435</u>	<u>37,667</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
(continued ...)

On 12 April 2016 the Company issued £30,000,000 5.000% bonds due 2021, including £10,000,000 of retained bonds, secured on a loan to Charities Aid Foundation ("CAF"). The funds received after bond issue costs and retained funds were £19,724,000; based on these proceeds the gross yield of the bonds to their redemption on the expected maturity date equates to a fixed interest rate of 5.18%.

The costs of issuing the bond were £276,000 leaving a net balance of £19,724,000 which was lent to Charities Aid Foundation.

Bond issue costs are amortised over the terms of the bonds using the effective interest rate method. For each bond amount, the borrowers are liable to the Company for both the bond coupon and the bond issue costs, under an agreement between the companies.

The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds (the "Charged Assets") are charged as security for the benefit of the investors in each of the bonds. This means that if the borrowers fail to make payments of interest or repayments of principal under the loan agreement and this results in the occurrence of an event of default under the terms and conditions of the bonds, the Trustee (acting on the instructions of the bondholders) may enforce the terms of the loan against the borrowers.

Each bond prospectus stipulates that the obligations of the Company to pay amounts due on the bond are limited to the Charged Assets. Therefore, the risk of default by the borrowers is fully borne by the investors in the bonds.

Bond amounts and repayment details are as follows:

<i>Bond to fund loan to:</i>	Issue date	Maturity date	Issue amount £'000	Interest rate	Net funds received £'000	Equivalent interest rate
Golden Lane Housing	29/7/14	29/7/21	11,000	4.375%	10,871	4.575%
Hightown Praetorian & Churches Housing Association	30/4/15	30/4/25	27,000	4.40%	26,773	4.506%
Charities Aid Foundation	12/4/16	12/4/26	20,000	5.00%	19,724	5.180%

The borrowings are due as follows:

	At 31 August 2016 £'000	At 31 August 2015 £'000
Due in less than five years	10,905	-
Due in more than five years	46,530	37,667
	<u>57,435</u>	<u>37,667</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

12. SHARE CAPITAL

	At 31 August 2016 £'000	At 31 August 2015 £'000
Authorised issued shares of £1 each	50	50
Allotted, called up, but not paid	13	13

No shares were issued during the year.

12,500 of the issued £1 shares are allotted, called up, but not paid. The remaining 37,500 £1 shares are allotted, but not called up or paid.

In addition, there is one issued ordinary share, which is designated as a "Special Share". In respect of any resolution proposed in relation to any alteration in the articles of association of the Company, the holder of the Special Share is entitled to cast such number of votes as is necessary to defeat the resolution and, in the event that the holder of the Special Share has not voted in respect of any such resolution, such resolution will be deemed not to have been passed. The holder of the Special Share shall not be entitled to vote in relation to any matter other than a proposed alteration in the articles of association of the Company.

13. RELATED PARTIES

John Tattersall is a Director of the Company; he owns £7,600 (2015: £7,600) of the bonds in relation to Golden Lane Housing Limited issued by the Company and £10,000 (2015: £10,000) of the bonds in relation to Hightown Housing Association Limited issued by the Company.

Geetha Rabindrakumar is a Director of the Company; she owns £500 (2015: £500) of the bonds in relation to Golden Lane Housing Limited issued by the Company.

Philip Wright, a Director of the Company, is also a director of Allia Limited. Timothy Jones, a Director of the Company, is also Secretary and Chief Executive of Allia Limited. During the period ended 31 August 2016 the Company charged Allia Impact Finance Limited £23,000 (2015: £59,000); Allia Impact Finance Limited is a wholly owned subsidiary of Allia Limited. At 31 August 2016 the Company owed £73,000 to Allia Impact Finance Limited (2015: £18,000 from Allia Impact Finance Limited).

In addition, Allia Limited holds the £1 Special Share described in note 12.

During this year and the prior period, the Company employed no staff and had no key management other than the directors. All services are provided to the Company by Allia Impact Finance Limited. None of the directors received remuneration for their services (2015: £nil).

Retail Charity Bonds plc
Notes to the Financial Statements
for the year ended 31 August 2016

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is RC Bond Holdings Limited, which is a company limited by guarantee (registered company number 8936422).

The largest group in which the results of the Company are consolidated is that headed by RC Bond Holdings Limited. No other consolidated financial statements include the results of the Company.

A copy of the consolidated financial statements can be obtained from RC Bond Holdings Limited, Future Business Centre, Kings Hedges Road, Cambridge, CB4 2HY, United Kingdom.

15. FINANCIAL INSTRUMENTS

The carrying amount of the Company's financial instruments were as follows:

	At 31 August 2016 £'000	At 31 August 2015 £'000
<i>Financial assets:</i>		
Debtors and prepayments	13	27
Accrued interest	769	436
Loans made, measured at amortised cost	57,435	37,667
	<u>58,217</u>	<u>38,130</u>
<i>Financial liabilities:</i>		
Trade creditors	(83)	(3)
Accruals	(25)	(24)
Accrued interest	(769)	(436)
Bonds issued, measured at amortised cost	(57,435)	(37,667)
	<u>(58,312)</u>	<u>(38,130)</u>

The total interest income / (expense) for each of these, using the effective interest rate method, is as follows:

<i>Financial assets</i>		
Debtors and prepayments	-	-
Accrued interest	-	-
Loans made, measured at amortised cost	2,045	941
	<u>2,045</u>	<u>941</u>
<i>Financial liabilities</i>		
Trade creditors	-	-
Accruals	-	-
Accrued interest	-	-
Bonds issued, measured at amortised cost	(2,045)	(941)
	<u>(2,045)</u>	<u>(941)</u>

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TRUSTEE

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